

Bulley

# bulletin



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## Agreements Concluded With Spain

Press release 519 dated September 26

The Governments of Spain and the United States on September 26 concluded three bilateral agreements designed to strengthen the capabilities of the West for the maintenance of international peace and security. The three agreements cover (1) the construction and use of military facilities in Spain by the United States, (2) economic assistance, and (3) military end-item assistance. The agreements were signed at Madrid by Don Alberto Martin Artajo, Spanish Foreign Minister, and James C. Dunn, U. S. Ambassador to Spain. Under the terms of these agreements, Spain becomes eligible for U. S. economic, technical, and military assistance under the Mutual Security Program and the United States is authorized to develop, build, and use jointly with Spanish forces certain military airfields and naval facilities in Spain.

Assistance to Spain totaling \$226 million during fiscal year 1954 will be furnished under the terms of the Mutual Security Act. Funds for this purpose will include the \$125 million for economic, technical, and military aid to Spain appropriated in 1951 and 1952 and now carried over by Congress, and \$101 million included in the funds recently appropriated by Congress to carry on the Mutual Security Program during the fiscal year ending June 30, 1954. Of this amount \$85 million is for defense-support assistance and \$141 million is for military end-item assistance.

Under the terms of these agreements, the United States will start construction to develop certain existing Spanish military airfields for joint use by the Spanish Air Force and the U. S. Air Force and will modernize certain naval facilities for use by the Spanish and U. S. navies. The agreements also provide for the subsequent development of additional military facilities as future conditions may require.

Of the \$125 million carried over from previous appropriations for aid to Spain, \$50 million is to be expended on military end-items which will provide training equipment and military matériel. The balance of these funds, \$75 million, will be used for defense-support assistance to strengthen the economic foundation for the support of the

program of military cooperation. This assistance will finance Spanish imports of raw materials, commodities, and equipment and will provide such technical assistance as may be required in connection with the program.

In addition to the \$125 million, Spain will receive \$91 million for military end-item assistance and \$10 million for defense support assistance from funds appropriated for the Mutual Security Program in fiscal year 1954.

The Government of Spain will make its contribution to the development and support of the jointly used military facilities by devoting a portion of the peseta counterpart resulting from U.S. defense-support assistance toward defraying construction costs which are payable in Spanish currency.

The military areas to be used jointly remain under Spanish sovereignty and command. The U.S. command in each case is responsible for U.S. military and technical personnel and for the operational effectiveness of U.S. military facilities and equipment.

To facilitate carrying out the terms of the agreements, two groups will be immediately established in Spain, under the general direction of the Ambassador, similar to those which are normally maintained in countries receiving economic, technical, and military aid from the United States. In connection with the economic and technical assistance to Spain, a U.S. Operations Mission is being set up. Similarly, a military assistance advisory group is being established to coordinate the military assistance program with the Spanish authorities.

The signing on September 26 marked the successful conclusion of negotiations which were opened with the Spanish Government in April 1952. Initial steps leading to these negotiations included an exploratory conversation which the late Admiral Forrest Sherman held with Gen. Francisco Franco at Madrid on July 16, 1951, to ascertain what Spain might be willing and able to contribute to the strengthening of the common defense against possible aggression. Following this visit, economic and military surveys were made in Spain prior to the opening of negotiations.



The negotiations were brought to a conclusion by Ambassador Dunn. A joint U.S. military group, headed by Maj. Gen. A. W. Kissner, U.S.A.F., assisted the Ambassador in the negotiations leading to the agreements on the construction and use of military facilities and on military end-item assistance; a Mutual Security Agency economic group, led by George F. Train, aided in the negotiations for the Economic Aid Agreement.

## TEXT OF DEFENSE AGREEMENT

### PREAMBLE

Faced with the danger that threatens the western world, the Governments of the United States and Spain, desiring to contribute to the maintenance of international peace and security through foresighted measures which will increase their capability and that of the other nations which dedicate their efforts to the same high purposes to participate effectively in agreements for self defense,

Have agreed as follows:

### ARTICLE I

In consonance with the principles agreed upon in the Mutual Defense Assistance Agreement, the Governments of the United States and of Spain consider that the contingencies with which both countries may be faced indicate the advisability of developing their relations upon a basis of continued friendship, in support of the policy of strengthening the defense of the West. This policy shall include:

1. On the part of the United States, the support of Spanish defense efforts for agreed purposes by providing military end item assistance to Spain during a period of several years to contribute to the effective air defense of Spain and to improve the equipment of its military and naval forces, to the extent to be agreed upon in technical discussions in the light of the circumstances, and with the cooperation of the resources of Spanish industry to the extent possible. Such support will be conditioned as in the case of other friendly nations by the priorities and limitations due to the international commitments of the United States and the exigencies of the international situation and will be subject to Congressional appropriations.

2. In consequence of the above stated premises and for the same agreed purposes, the Government of Spain authorizes the Government of the United States, subject to terms and conditions to be agreed, to develop, maintain and utilize for military purposes, jointly with the Government of Spain, such areas and facilities in territory under Spanish jurisdiction as may be agreed upon by the competent authorities of both Governments as necessary for the purposes of this agreement.

3. In granting assistance to Spain within the policy outlined above, as the preparation of the agreed areas and facilities progresses, the Government of the United States will satisfy, subject to the provisions of paragraph one, the minimum requirements for equipment necessary for the defense of Spanish territory, to the end that should a moment requiring the wartime utilization of the areas and facilities arrive, from this moment, the requirements are covered to the extent possible as regards the air defense of the territory and the equipment of the naval units; and that the armament and equipment of the Army units be as far advanced as possible.

### ARTICLE II

For the purposes of this agreement and in accordance with technical arrangements to be agreed upon between

the competent authorities of both Governments, the Government of the United States is authorized to improve and fit agreed areas and facilities for military use, as well as to undertake necessary construction in this connection in cooperation with the Government of Spain, to station and house therein the necessary military and civilian personnel, and to provide for their security, discipline, and welfare; to store and maintain custody of provisions, supplies, equipment and materials; and to maintain and operate the facilities and equipment necessary in support of such areas and personnel.

### ARTICLE III

The areas which, by virtue of this Agreement, are prepared for joint utilization will remain under Spanish flag and command, and Spain will assume the obligation of adopting the necessary measures for the external security. However, the United States may, in all cases, exercise the necessary supervision of United States personnel, facilities, and equipment.

The time and manner of wartime utilization of said areas and facilities will be as mutually agreed upon.

### ARTICLE IV

The Government of Spain will acquire, free of all charge and servitude, the land which may be necessary for all military purposes and shall retain the ownership of the ground and of the permanent structures which may be constructed thereon. The United States Government reserves the right to remove all other constructions and facilities established at its own expense when it is deemed convenient by the Government of the United States or upon the termination of this Agreement; in both cases the Spanish Government may acquire them, after previous assessment, whenever they are not installations of a classified nature.

The Spanish state will be responsible for all claims made against the United States Government by a third party, in all cases referring to the ownership and utilization of the above-mentioned land.

### ARTICLE V

The present Agreement will become effective upon signature and will be in force for a period of ten years, automatically extended for two successive periods of five years each unless the termination procedure hereafter outlined is followed.

At the termination of the first ten years or of either of the two extensions of five years, either of the two Governments may inform the other of its intention to cancel the Agreement, thus initiating a consultation period of six months. In the event concurrence is not reached on extension, this Agreement will terminate one year after the conclusion of the period of consultation.

In witness whereof the respective representatives, duly authorized for the purpose, have signed the present agreement.

Done at Madrid, in duplicate, in the English and Spanish languages, both texts authentic, this twenty-sixth day of September, 1953.

For the Government of the United States of America:

JAMES CLEMENT DUNN

*Ambassador of the United States of America*

For the Government of Spain:

ALBERTO MARTIN ARTAJO

*Minister of Foreign Affairs*

## TEXT OF ECONOMIC AID AGREEMENT

The Governments of the United States of America and Spain,

Recognizing that individual liberty, free institutions, and genuine independence in all countries, as well as de-

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fense against aggression, rest largely on the establishment of a sound economy;

Considering that the Congress of the United States of America has enacted legislation enabling the United States of America to furnish military, economic, and technical assistance to Spain;

Desiring to set forth the principles which govern the furnishing of economic and technical assistance by the Government of the United States of America under the Mutual Security Act of 1951, as amended, and the measures which the two governments will undertake individually and together in furtherance of the objectives of the said legislation;

Have agreed as follows:

#### ARTICLE I. Assistance.

(a) The Government of the United States of America will furnish the Government of Spain, or any person, agency or organization which the latter may designate, such economic and technical assistance as may be requested by the Government of Spain and approved by the Government of the United States of America under the provisions and subject to all the terms, conditions and termination provisions of the then applicable United States laws as well as and subject to the arrangements provided in this agreement.

(b) The two governments will establish procedures whereby the Spanish Government will so deposit, segregate or protect all the funds allocated to or derived from any program of assistance from the United States in order that such funds shall not be subject to attachment, confiscation, seizure or any other legal processes by any person, firm, agency, corporation, organization or government when, in the opinion of the United States, any such legal process would interfere with the attainment of the objectives of the said program of assistance.

#### ARTICLE II. General Undertakings.

(1) In order to further the objectives set forth in the Mutual Security Act of 1951 and to achieve the maximum benefits through the employment of assistance received from the Government of the United States of America, the Government of Spain will use its best endeavors:

(a) To adopt or maintain the measures necessary to insure the effective and practical use of all resources available to it, including:

(i) such measures as may be necessary to insure that the materials and services furnished under this Agreement, including materials and services obtained from the funds deposited in the Special Account under Article V of this Agreement, are used only for purposes agreed upon by the two governments;

(ii) the observation and review of the use of such materials and services through an effective and mutually acceptable follow-up system;

(iii) to the extent practicable, measures to locate, identify, and put into appropriate use assets and income located in the United States of America, its territories and possessions and belonging to Spanish subjects. This clause does not impose any obligation on the United States of America to assist in carrying out such measures.

(b) To stabilize its currency, establish or maintain a valid rate of exchange, balance its governmental budget as soon as practicable, create or maintain internal financial stability, and generally restore or maintain confidence in its monetary system;

(c) To cooperate with the Government of the United States of America in ensuring that any procurement financed with assistance furnished by the Government of the United States of America to the Government of Spain will be effected at reasonable prices and on reasonable terms and that the distribution in Spain of such materials and services will be made in such a way that such goods and services will be effectively utilized for the purpose for which they were intended;

(d) To cooperate with the Government of the United States in ensuring that any procurement similarly financed and made from areas outside of the United States of America, its territories and possessions, will be similarly effected at reasonable prices and on reasonable terms, and so as to arrange that the dollars thereby made available to the country from which the materials and services are procured are used in a manner consistent with any arrangements made by the Government of the United States of America with such country;

(e) To discourage cartel and monopolistic business practices and business arrangements which result in restricting production and increasing prices or which curtail international trade, to encourage competition and productivity and to facilitate and stimulate the growth of international trade by reducing barriers which may hamper such trade when the attainment of the agreed program may be affected.

(f) To make as promptly as possible an agreement with the Government of the United States of America in which will be established for United States nationals and companies a system of payments and international transfers, including the progressive conversion of their accumulated peseta balances.

(g) To assist the Government of the United States of America in observing and reporting on labor conditions in Spain as these relate to the aims and operations of the Mutual Security Program.

(2) The Government of each country will:

(a) join in promoting international understanding and good will and maintaining world peace;

(b) take such action as may be mutually agreed upon to eliminate causes of international tension;

(c) fulfill the military obligations which it has assumed in multilateral or bilateral agreements or treaties to which both governments are parties.

(3) The Government of Spain will:

(a) make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world;

(b) take all reasonable measures which may be needed to develop its defense capacities; and

(c) take appropriate steps to insure the effective utilization of the economic and military assistance provided by the United States.

#### ARTICLE III. Guaranties.

Both governments will, upon the request of either government, consult respecting projects in Spain proposed by nationals of the United States of America with regard to which the Government of the United States of America may appropriately make guaranties in accordance with the provisions of the Mutual Security Act of 1951 as amended, as it incorporates section III (b) 3 of the Economic Cooperation Act of 1948, as amended. With respect to such guaranties extending to projects which are approved by the Government of Spain, the Government of Spain agrees:

(a) that, if the Government of the United States of America makes payment in United States dollars to any person under such a guaranty, the Government of Spain will recognize the transfer to the United States of any right, title or interest of such person in assets, currency, credits, or other property on account of which such payment was made and the subrogation of the United States to any claim or cause of action of such person arising in connection therewith. The Government of Spain shall also recognize any transfer to the Government of the United States of America pursuant to such guaranty of any compensation for loss covered by such guaranties received from any source other than the Government of the United States of America.

(b) that peseta amounts acquired by the Government of the United States pursuant to such guaranties shall not receive less favorable treatment than that accorded

at the time of such acquisition to private funds arising from transactions of United States nationals which are comparable to transactions covered by such guaranties, and that such peseta amounts will be freely available to the Government of the United States of America for administrative expenditures.

(c) that any claim of the Government of the United States of America against the Government of Spain, which results from the aforesaid subrogation, or which relates to the aforesaid assets, currency, credits or other property, or any difference arising under this Article, shall be submitted to direct negotiation between the two governments. If, within a reasonable period, they are unable to settle the claim or difference by agreement, it shall be referred for final binding determination to a sole arbitrator selected by mutual agreement. If the Governments are unable, within a period of three months, to agree upon such selection, the arbitrator shall be one who may be designated by the President of the International Court of Justice at the request of either Government.

#### ARTICLE IV. *Access to Certain Products.*

(1) The Spanish Government will facilitate the acquisition by the United States of America, upon reasonable terms of sale, exchange, barter, or otherwise, and in such quantities and for such period of time as may be agreed between both governments, of those materials originating in Spain which the United States of America might require, as the result of deficiencies or potential deficiencies in its own resources and for stockpiling or other purposes. In such transactions due regard will be taken of the requirements of Spain for such products, both for domestic use as well as for its export trade. The Spanish Government will take such specific measures as may be necessary to carry out the provisions of this paragraph, including the promotion of the production of the materials in question and the removal of any hindrances to the acquisition of such materials by the United States of America or their receipt. At the request of either of the two governments, negotiations will be initiated for arrangements necessary to fulfill the provisions of this paragraph. The Government of the United States of America will endeavor to assist the Spanish Government to increase production in Spain of materials referred to in this Article if it is agreed that such action is practicable and consistent with the purposes of the Mutual Security Act, as amended.

(2) With respect to materials produced outside of Spain, both governments, at the request of either of them, will always cooperate wherever appropriate to further the objectives of paragraph 1 of this Article.

#### ARTICLE V. *Local Currency.*

(1) The provisions of this Article shall apply only with respect to economic and technical assistance which may be furnished by the Government of the United States of America on a grant basis.

(2) A special account will be established in the Bank of Spain in the name of the Government of Spain (hereinafter called the Special Account) in which will be deposited pesetas in amounts commensurate with the dollar cost to the Government of the United States of commodities, services and technical information (including any costs of processing, storing, transporting, repairing or other services) made available to the Government of Spain on a grant basis under this agreement. The Government of the United States of America shall, from time to time, notify the Government of Spain of the dollar cost of such commodities, services and technical information and the Government of Spain will thereupon deposit in the Special Account the equivalent amount of pesetas computed at the rate of exchange mutually agreed between the two governments. If, at such time or times of notification, the Government of Spain is a member of the International Monetary Fund and shall have agreed with the International Monetary Fund upon a rate of exchange,

the amount of pesetas to be deposited shall be computed at the rate of exchange which shall be the par value agreed at such time with the International Monetary Fund; provided that this agreed value is the single rate applicable to the purchase of dollars for imports into Spain. If at the time of notification a par value for the peseta is agreed with the Fund and there are one or more other rates applicable to the purchase of dollars for imports into Spain, or, if at the time of notification no par value for the peseta is agreed with the Fund, the rate or rates for this purpose shall be mutually agreed upon between the two Governments. The Spanish Government shall be able at any time to make advance deposits in the Special Account which shall be credited against subsequent notifications pursuant to this paragraph.

(3) (a) The Government of the United States of America will, from time to time, notify the Spanish Government of its requirements in pesetas for administrative and operating expenses incident to operations in Spain under the Mutual Security Act of 1951 and acts amendatory or supplementary thereto, and the Spanish Government will thereupon place at the disposition of the Government of the United States such sums, withdrawing them from any balances in the Special Account in the manner requested by the Government of the United States in the notification. Such sums will be charged to the percentage referred to in this paragraph. Ten percent (10%) of each deposit made pursuant to this Article will be placed at the disposition of the Government of the United States of America. It is understood that the Government of the United States of America will not convert funds acquired pursuant to this paragraph into any other currency without prior consultation with the Spanish Government.

(b) Both Governments will agree to the number of and general characteristics of military facilities for mutual defense to be constructed in Spain and the Government of the United States of America will, from time to time, notify the Spanish Government of requirements for peseta expenses which arise from the construction and maintenance of such military facilities. The Government of Spain will thereupon make such amounts available out of any balances existing in the Special Account, in the manner requested by the Government of the United States in the notification.

(4) Recognizing the priority of expenses referred to in Paragraph 3 of this Article, the Spanish Government may withdraw funds from any balance existing in the Special Account for such expenditures as may be agreed periodically with the Government of the United States of America, and which will be in accord with the objectives prescribed in the Mutual Security Act of 1951, as amended.

(5) Any unencumbered balance remaining in the Special Account upon the termination of assistance under this agreement other than unexpended amounts allocated under Paragraph 3 (a) of this Article shall be disposed of within Spain for such purposes as may hereafter be agreed upon by the Governments of the United States of America and Spain; it being understood that the Agreement of the United States of America shall be subject to approval by Act or joint resolution of the Congress of the United States of America.

#### ARTICLE VI. *Consultation and Transmittal of Information.*

(1) The two Governments will, upon the request of either of them, consult regarding any matter relating to the application of this agreement or to operations or arrangements carried out pursuant to this Agreement.

(2) The Government of Spain will communicate to the Government of the United States of America in a form and at intervals to be determined by the latter after consultation with the Government of Spain:

(a) detailed information concerning projects, programs and measures proposed or adopted by the Government of Spain to carry out the provisions of this Agreement;

(b) full statements of operations under this Agreement,



including a statement of the use of funds, commodities and services received thereunder, such statements to be made in each calendar quarter;

(c) information relating to the Spanish economy, including national and international accounts, which the Government of the United States of America may need to determine the nature and scope of operations under the Agreement and to evaluate the effectiveness of assistance furnished or contemplated under this Agreement and generally the progress realized in this field during the period of this Agreement.

(3) The Government of Spain will assist the Government of the United States of America to obtain information relating to the materials originating in Spain referred to in Article IV which is necessary to the formulation and execution of the arrangements provided for in that Article.

#### ARTICLE VII. *Publicity.*

(1) The Government of the United States of America and the Government of Spain recognize that it is in their mutual interest that full publicity be given to the objectives and progress of the assistance being rendered pursuant to this Agreement and that all pertinent information be made available to the people of Spain. The Spanish Government will encourage the dissemination of such information, giving to the assistance furnished by the United States Government pursuant to this Agreement, full and continuous publicity through the press, radio and all other available media in Spain and will allow to the United States Government, by agreement with the Spanish Government, the use of such media as may be required to accomplish this purpose.

(2) The Government of Spain will grant to representatives of the United States press full freedom to observe and report on the operation of the economic and technical assistance programs conducted pursuant to this Agreement.

(3) The Government of Spain will make public in Spain, in each calendar quarter, full statements of operations under this Agreement, including information as to the use of funds, commodities and services received.

#### ARTICLE VIII. *Special Economic Mission.*

(1) The Government of Spain agrees to receive a special Economic Mission which will discharge the responsibilities of the Government of the United States of America in Spain under this agreement.

(2) The Spanish Government will, upon appropriate notification from the Ambassador of the United States of America in Spain, consider the Special Mission and its personnel and the United States Special Representative in Europe as part of the Embassy of the United States of America in Spain for the purpose of enjoying the privileges and immunities accorded to that Embassy and its personnel of comparable rank.

(3) The Spanish Government will extend full cooperation to the personnel of the Special Mission and to the aforementioned U. S. Representative in Europe and his staff. Such cooperation shall include the provision of all information and facilities necessary to the observation and review of the carrying out of this Agreement, including the use of assistance furnished under it.

#### ARTICLE IX. *Settlement of Claims of Nationals.*

(1) The Governments of the United States of America and Spain agree to submit to the decision of the International Court of Justice, or of a court of arbitration or arbitral tribunal to be mutually agreed upon, any claim espoused or presented by either Government on behalf of one of its nationals arising as a consequence of governmental measures (other than measures taken by the Government of the United States of America concerning enemy property or interests) taken after April 3, 1948 by the other Government and affecting property or interest of such national, including contracts with or conces-

sions granted by the duly authorized authorities of such other Government. It is understood that the undertaking of the Government of the United States of America in respect of claims espoused by the Government of Spain pursuant to this paragraph is made under the authority of and is limited by the terms and conditions of the recognition by the United States of America of the compulsory jurisdiction of the International Court of Justice under Article 36 of the Statute of the Court, as set forth in the Declaration of the President of the United States of America dated August 14, 1946.

(2) It is further understood that neither Government will espouse or present a claim pursuant to this Article until its national has exhausted the administrative and judicial procedures of the country in which the claim arose.

(3) The provisions of this Article shall be in all respects without prejudice to other rights of access, if any, of either Government to the International Court of Justice or other arbitral tribunal or to the espousal and presentation of claims based upon alleged violations by either Government of rights and duties arising under treaties, agreements or principles of international law.

#### ARTICLE X. *Entry into Force, Amendment, Duration.*

(1) This Agreement shall become effective on this day's date. Subject to the provisions of paragraphs 2 and 3 of this Article, it shall remain in force until June 30, 1956, and unless at least six months before June 30, 1956, either Government shall have given notice in writing to the other of intention to terminate the Agreement on that date, it shall remain in force thereafter until the expiration of six months from the date on which such notice shall have been given.

(2) If during the life of this Agreement, either Government should consider there has been a fundamental change in the basic assumptions underlying this Agreement, it shall so notify the other Government in writing and the two Governments will thereupon consult with a view to agreeing upon the amendment, modification or termination of this Agreement. If, after three months from such notification, the two Governments have not agreed upon the action to be taken in the circumstances, either Government may give notice in writing to the other of intention to terminate this Agreement. Then, subject to the provisions of paragraph 3 of this Article, this Agreement shall terminate either:

(a) six months after date of such notice of intention to terminate, or

(b) after such shorter period as may be agreed to be sufficient to ensure that the obligations of the Government of Spain are performed in respect of any assistance which may continue to be furnished by the Government of the United States of America after the date of such notice; provided, however, that Article IV and paragraph 3 of Article VI shall remain in effect until two years after the date of such notice of intention to terminate, but not later than June 30, 1956.

(3) Subsidiary agreements and arrangements negotiated pursuant to this Agreement may remain in force beyond the date of termination of this Agreement and the period of effectiveness of such subsidiary agreements and arrangements shall be governed by their own terms. Article V shall remain in effect until all the sums in the currency of Spain required to be deposited in accordance with its own terms have been disposed of as provided in that Article.

(4) This agreement may be amended at any time by agreement between the two Governments.

(5) The Government of the United States will register this agreement with the Secretariat of the United Nations.

In witness whereof the respective representatives, duly authorized for the purpose, have signed the present Agreement.



DONE, at Madrid, in duplicate, in the English and Spanish languages, both texts authentic, this twenty-sixth day of September, 1953.

For the Government of the United States of America :  
JAMES CLEMENT DUNN  
*Ambassador of the United States of America*

For the Government of Spain :  
ALBERTO MARTIN ARTAJO  
*Minister of Foreign Affairs*

## Annex

### INTERPRETATIVE NOTES

(1) It is understood that the requirements of paragraph (1) (a) of Article II, relating to the adoption of measures for the efficient use of resources, would include, with respect to commodities furnished under the Agreement, effective measures for safeguarding such commodities and for preventing their diversion to illegal or irregular markets or channels of trade.

(2) It is understood that paragraph (1) (c) of Article II does not diminish the right and responsibility of the United States of America to specify whatever terms and conditions of aid are deemed necessary.

(3) It is understood that the business practices and business arrangements referred to in paragraph (1) (e) of Article II mean :

(a) fixing prices, terms or conditions to be observed in dealing with others in the purchase, sale or lease of any product;

(b) excluding enterprises from, or allocating or dividing, any territorial market or field of business activity, or allocating customers, or fixing sales quotas or purchase quotas;

(c) discriminating against particular enterprises;

(d) limiting production or fixing production quotas;

(e) preventing by agreement the development or application of technology or invention whether patented or unpatented;

(f) extending the use of rights under patents, trade marks or copyrights granted by either country to matters which, according to its laws and regulations, are not within the scope of such grants, or to products or conditions of production, use or sale of which are likewise not the subject of such grants; and

(g) such other practices as the two governments may agree to include.

(4) It is understood that the agreement referred to in section (1), paragraph (f), of Article II will provide a system of conversion of peseta balances which takes into account at all times fluctuations in Spanish dollar availabilities.

(5) It is understood that the United States of America does not intend to resell within Spain any of the materials which it may acquire pursuant to paragraph (1) of Article IV.

(6) It is understood that the time of notification to which reference is made in Article V, paragraph 2, for the purpose of determining the rate of exchange to be used in computing the deposits to be made upon notifications to the Government of Spain of the indicated dollar costs of commodities, services, and technical information shall, in the case of each notification covering a disbursement period, be deemed to be the date of the last day of the disbursement period covered by the notification.

(7) It is understood that it is the sense and intent of the last sentence of paragraph (2) of Article V that the Government of Spain will make arrangements to assure that the amounts of pesetas on deposit in the Special Account are sufficient at all times to permit the Government of the United States to meet its obligations for peseta payments for the purposes contemplated by this Agreement.

The United States will, whenever necessary, inform the Spanish Government of its requirements for pesetas and agrees that its requests to the Spanish Government to meet such requirements shall not exceed the amount of economic and technical assistance firmly allotted to Spain on a grant basis at the time of making such requests.

(8) It is understood that any agreements which might be arrived at pursuant to paragraph (1) of Article IX would be subject to approval by the Senate of the United States of America.

## TEXT OF MUTUAL DEFENSE ASSISTANCE AGREEMENT

The Governments of the United States of America and of Spain,

Desiring to foster international peace and security, to promote understanding and good will and to maintain world peace;

Considering that the Congress of the United States of America has enacted legislation enabling the United States of America to furnish military, economic and technical assistance to Spain so that Spain may accomplish such objectives;

Desiring to set forth the undertakings and conditions which govern the furnishing of military assistance by the Government of the United States of America under such legislation and the measures which the two governments will undertake individually and together in furtherance of the above objectives;

Have agreed as follows:

### ARTICLE I

1. Each Government will make available to the other, and to such other governments as the Parties may in each case agree upon, equipment, materials, services or other assistance in such quantities and in accordance with such terms and conditions as may be agreed. The furnishing and use of such assistance shall be consistent with the Charter of the United Nations. Such assistance as may be made available by the Government of the United States pursuant to this Agreement will be furnished under the provisions and subject to all the terms, conditions and other provisions of the Mutual Defense Assistance Act of 1949 and the Mutual Security Act of 1951, acts amendatory or supplementary thereto and appropriation acts thereunder. The two Governments will, when it is considered necessary, negotiate detailed arrangements necessary to carry out the provisions of this paragraph.

2. Both Governments will utilize this assistance exclusively for the promotion of international peace and security, in accordance with arrangements satisfactory to both Governments, and will not, without prior and mutual consent, devote such assistance to purposes other than those for which it was furnished.

3. Arrangements will be entered into under which equipment and materials furnished pursuant to this Agreement, and no longer required for the purposes for which originally made available, will be offered for return to the country which furnished such equipment and materials.

4. Without prior and mutual consent, neither Government shall transfer to any person outside that Government, or to any other nation, title to or possession of any equipment, materials, property, information, or services received under this Agreement.

5. The Government of Spain will take such security measures as may be agreed in each case between the two Governments in order to prevent the disclosure or compromise of classified military articles, services or information furnished pursuant to this Agreement.

6. Each Government will take appropriate measures

consistent with security to keep the public informed of operations under this Agreement.

7. The two Governments will establish procedures whereby the Government of Spain will so deposit, segregate or assure title to all funds allocated to or derived from any program of assistance of the United States so that such funds shall not be subject to garnishment, attachment, seizure or other legal process by any person, entity or government when in the opinion of the United States any such legal process would interfere with the attainment of the objectives of the said program of assistance.

#### ARTICLE II

The two Governments will, upon request of either of them, negotiate appropriate arrangements between them providing for the methods and terms of the exchange of patent rights and technical information for defense which will expedite such exchanges and at the same time protect private interests and maintain security safeguards.

#### ARTICLE III

1. The Government of Spain, in addition to its commitments under other agreements with the Government of the United States, undertakes to make available to the Government of the United States pesetas for the use of the latter Government for its administrative and operating expenditures in connection with carrying out the purposes of the United States foreign aid program. The two Governments will forthwith initiate discussions with a view to determining the amount of such pesetas and to establishing arrangements for the adequate furnishing thereof.

2. The Government of Spain will, except as otherwise agreed to, guarantee duty free treatment on importation or exportation and exemption from internal taxation upon products, property, materials or equipment imported into its territory in connection with this Agreement or any similar Agreement between the Government of the United States and the Government of any other country receiving military assistance.

3. a. The operations and expenditures effected in Spain by or on behalf of the Government of the United States for the common defense effort including those carried out as a consequence of any other foreign aid program will be relieved from all taxation. To this end the Spanish Government will prescribe pertinent procedures satisfactory to both parties.

b. A Technical Annex attached to this Agreement and authorized by it will establish the terms and general procedures for the implementation of this paragraph.

c. The tax relief authorized above will apply to those operations and expenditures of the United States which are authorized by the Defense Agreement and arrangements to be concluded thereunder and the Economic Aid Agreement as concluded between the two Governments.

#### ARTICLE IV

1. The Government of Spain will admit personnel of the Government of the United States who will discharge in Spanish territory the responsibilities acquired under this Agreement and who will be accorded facilities to observe the progress of the assistance made available. Such personnel, who will be United States nationals, including personnel temporarily assigned, will, in their relations with the Government of Spain, operate as a part of the Embassy of the United States of America under the direction and control of the Chief of the Diplomatic Mission and will have the same status as that of other personnel with corresponding rank of the Embassy of the United States of America. Upon appropriate notification by the Government of the United States, the Government of Spain will grant full diplomatic status to an agreed number of personnel designated under this Article.

2. The Government of Spain will grant exemption from import and export duties on personal property imported for the personal use of such personnel or of their families and will take adequate administrative measures to facilitate and expedite the importation and exportation of the personal property of such individuals and their families.

#### ARTICLE V

1. The Government of each country will:

a. Join in promoting international understanding and good will and maintaining world peace;

b. Take such action as may be mutually agreed upon to eliminate causes of international tension;

c. Fulfill the military obligations which it has assumed in multilateral or bilateral agreements or treaties to which both Governments are parties.

2. The Government of Spain will:

a. Make, consistent with its political and economic stability the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world;

b. Take all reasonable measures which may be needed to develop its defense capacities; and

c. Take appropriate steps to insure the effective utilization of the economic and military assistance provided by the United States.

3. Both Governments are prepared to cooperate in international efforts to obtain agreement on universal regulation and reduction of armaments under adequate safeguards against violation or evasion.

#### ARTICLE VI

In the interest of their mutual security the Government of Spain will cooperate with the Government of the United States in taking measures designed to control trade with nations which threaten the maintenance of world peace.

#### ARTICLE VII

1. This Agreement shall enter into force on the date of signature and will continue in force until one year after the receipt by either party of written notice of the intention of the other party to terminate it, provided that the provisions of Article I, paragraphs 2 and 4, and arrangements entered into under Article I, paragraphs 3, 5 and 7, and under Article II and Article III, paragraph 3, shall remain in force unless otherwise agreed by the two Governments.

2. The two Governments will, upon the request of either of them, consult regarding any matter relating to the application or amendment of this Agreement.

3. This Agreement shall be registered with the Secretariat of the United Nations by the Government of the United States of America.

In witness whereof the respective representatives, duly authorized for the purpose, have signed the present Agreement.

Done, at Madrid, in duplicate, in the English and Spanish languages, both texts authentic, this twenty-sixth day of September, 1953.

For the Government of the United States of America:

JAMES CLEMENT DUNN

*Ambassador of the United States of America*

For the Government of Spain:

ALBERTO MARTIN ARTAJO

*Minister of Foreign Affairs*

#### Sole Annex to the Mutual Defense Assistance Agreement—Fiscal Relief

1. a. In accordance with Article III, paragraph 3, of the Mutual Defense Assistance Agreement, the Government of Spain agrees and guarantees that all activities and

expenditures undertaken within the jurisdiction of the same by or on behalf of the United States for the common defense, including the activities or expenditures carried out in connection with any foreign aid program agreed to by the United States and the activities and expenditures carried on for the common defense under the terms of this Agreement or otherwise, will be exempt from taxation (including surcharges, contributions, or other charges of any nature, other than reasonable compensation which may be made by the United States for services requested and received) by or for the benefit of the Spanish Government, political subdivisions thereof, or quasi-governmental organizations.

b. The relief will apply in all cases in which the United States is finally subject to the payment of the tax, in all cases of taxes which apply directly to expenditures effected by the United States, and in all cases covered in the Defense Agreement and arrangements to be concluded thereunder, and the Mutual Defense Assistance Agreement and Economic Aid Agreement as concluded on September 26, 1953. The fiscal relief will not apply, except as stated above, to taxes on the incomes, profits and operations of those persons or entities who render service to, or work for, the account of the United States.

c. The taxes from which relief is granted by the present Annex, and in any other manner as may hereafter be agreed upon between the parties, shall include, but not be limited to:

- (1) Tax on transfer of property and rights to real estate.
- (2) Import duties (any tax or duty payable on the importation of articles, materials or components or parts of the same purchased by means of the aforesaid expenditures).
- (3) Export duties.
- (4) Transportation and entry or exit tax.
- (5) Tonnage tax.
- (6) Stamp tax.
- (7) Use and consumption tax (excepting in the case of those products [petroleum and its by-products and tobacco] whose production or sale is monopolized by the State). Should purchases be made from other sources than the manufacturers themselves, this tax will be applicable, but refund will be made, in accordance with procedures to be developed, of that part of the price which includes this tax. These procedures will include the method to be used in ascertaining the amount of this tax to be so refunded.
- (8) Provincial taxes (except where attributable to services rendered).
- (9) Municipal taxes (except where attributable to services rendered).
- (10) Tax on industries, trades and professions in the amount, if any, that such tax may be increased due to the activities and expenditures referred to in paragraph 1a above.
- (11) Any additional taxes as appropriate.

d. The tax relief granted in accordance with the provisions of this Agreement will be considered as supplementing any tax relief normally enjoyed by the United States within the jurisdiction of the Spanish Government. The relief so accorded will apply to all operations and expenditures of the character described in subparagraph a hereof, which may occur after the date of this Agreement.

e. With respect to any other tax not specifically mentioned in subparagraph c hereof and which may be found to be applicable to expenditures or activities of the character described herein, the two governments will consult with a view to arriving at mutually satisfactory arrangements regarding procedures to assure relief from such taxes in accordance with the principle of tax relief granted by subparagraph a of paragraph 1.

f. In the same manner, should special situations or circumstances arise with respect to taxes of the type covered by subparagraph c which may affect the compliance with the terms of relief granted herein, such situations or cir-

cumstances will be discussed between the two governments with a view to supplementing this Agreement in accordance with the spirit and the terms of this Annex. If necessary, the Spanish Government will examine the feasibility of appropriate legislation to accomplish this end.

g. The requirements of Spanish legislation of a social character and any other contributions relating to the employment of individuals are not affected by this Agreement.

2. The relief specified above will be granted by means of the procedures described below. Changes in these procedures that may appear to be advantageous in order to facilitate the administrative work and the enforcement of the exemption granted above may be initiated as mutually agreed between competent United States and Spanish authorities. The record of these changes may be in the form of an annex or annexes to be attached hereto when needed.

The United States will inform the Spanish Government (Ministry of Finance) of the operations and expenditures it effects which in its judgment should enjoy the fiscal exemptions granted by the present Agreement. The information furnished by the United States to the Spanish Government should be sufficiently detailed to permit the best identification of the concept and quantity of the operation. Upon receipt of this information report, the Government of Spain (Ministry of Finance) will issue the pertinent orders to the appropriate services—(Directorates General, Customs, Ministry of Finance representatives, etc.) for the exemption from taxes. In the event that these taxes have already been paid, their return shall be ordered.

An office will be created within the Ministry of Finance expressly for the implementation of this Annex.

Should differences arise concerning the implementation of this Annex, they may be referred for the consideration of a board composed of competent authorities of both governments.

3. The Government of Spain (Ministry of Finance) may, in agreement with the United States Government, and in a manner to be established in each case, take the necessary measures to insure that materials and products, imported or acquired, exempt from taxes, are not used or destined for purposes other than those indicated in paragraph 1a above.

## **Talks on Chile's Request for U. S. Purchase of Surplus Copper**

Press release 510 dated September 21

Chilean and U.S. representatives held their first formal session on September 21 in the Department of State for the purpose of discussing the Chilean Government's request that the United States purchase Chile's accumulated copper surplus.

The Chilean representatives are:

Anibal Jara, Ambassador of Chile to the United States  
Luis MacKenna, General Counsel of the Chilean Central Bank

The U.S. representatives are:

Rollin S. Atwood, Director of the Office of South American Affairs, Department of State  
Edmund Getzin, Chief, Non-Ferrous Metals Branch, Department of State  
Milton Barall, Acting Chief, West Coast Affairs, Office of South American Affairs, Department of State  
Irving Gumbel, Director, Metals Division, Emergency Procurement Service, General Services Administration



## Organized Labor's Fight Against World Communism

*Address by Secretary Dulles<sup>1</sup>*

I am happy to be with you today and to talk with you about the task of winning peace and security for the United States. It is indispensable that your organization should share in that task, and I am very much aware of the fact that you have done so. Had you not done so, our Nation would now have less chance for peace and for the preservation of values even more precious than peace. You and your leaders have been in the struggle where it has been most intense. You have gained an experience and a wisdom, and you have possibilities of action, which indispensably supplement those of government.

I would rather listen than talk, as I listened to President Meany a few days ago, when he was good enough to come to see me. But since you have asked me to talk, I will, first of all, give you my estimate of some of the more critical problems with which your Government is actively dealing. Then I want to discuss the basic overall problem of how to rout the Communist menace. That is where the workers of America can play a principal role.

Korea was a matter of first concern. The armistice negotiations had been going on for a year and a half and had come to a standstill. The fighting was taking a steady toll of the lives of Americans and others under the United Nations Command. There was a growing public demand that, unless an honorable armistice could be soon achieved, the fighting should be enlarged.

We achieved an armistice. The future, naturally, is still obscure. But at least the fighting is stopped, the aggression ended. Most of our men who were prisoners of the enemy have been returned—about 3,600—and we shall do all within our power to insure that all are returned. A political conference is in prospect, designed to turn the armistice into permanent peace. The Chinese

Communists seem to be pursuing tactics of delay, but we hope that steadfastness on our side will bring the conference into existence and that peace will come out of it. I pledge you that we shall do all within our power to assure this.

I am glad to add that we and our allies are now united in this matter.

### Indochina

In Indochina another war goes on. There has been danger that resistance to Communist aggression might collapse, with resultant jeopardy to our vital interests in the West Pacific. Many of the people of Indochina had been persuaded that their choice was between colonialism and communism. A choice between two forms of subjection never gives rise to much enthusiasm or much willingness to sacrifice and die.

Now, the French, by declaration of July 3, have made clear their intention to grant full independence to the Associated States of Indochina as these States desire it. They are in the process of implementing that declaration, and there is every evidence that they are doing so in complete good faith. Thus, the character of the war becomes transformed. The United States can, in good conscience, contribute substantially, in money and matériel, to the successful conclusion of this war. It has become genuinely a "war for independence," and the aggressive character of the Communist warfare now stands exposed.

In the Middle East it seemed that Iran might become the gateway for a Soviet Communist seizure of the world's largest oil reserves. These provide livelihood for several Near East nations and help to sustain the air, sea, and land defenses of the Mediterranean and Western Europe.

But the people of Iran, who have learned much from living next door to Russian ambitions, rose up in loyalty to the Shah to prevent the illegal retention of power by a regime which was becom-

<sup>1</sup>Made before the American Federation of Labor at St. Louis, Mo., on Sept. 24 (press release 514).

ing increasingly identified with the Communist Party in Iran. There will thus be a new opportunity for Iran to tackle its internal problems and to strengthen its ties with the other free nations.

In Europe, the program for a European community had bogged down. That meant a continuance of the ancient division between France and Germany, out of which past wars have often come.

But now the plans for European unity are moving ahead. There have been ratifications of the European Defense Community Treaty by both Houses in Germany and by one House in the Netherlands, and parliamentary proceedings elsewhere are imminent. A positive result is not yet assured, but the prospects are much brighter.

The political victory of Chancellor Adenauer increases the stature and influence of a statesman who faces international problems, not in terms of a nationalist Germany, but in terms of the long-range welfare of a Europe which includes a democratic Germany. The results of the election involve a spectacular endorsement of the policies which the United States has pursued jointly with its allies and with the West German Republic.

A sharp contrast is provided by the people of East Germany, in the Soviet Zone. Last June they spontaneously held widespread protest demonstrations—the only means of free expression they could seize upon—to show the world their opposition to oppression and to demand free elections, a decent standard of living, and Germany's reunification in freedom. East Germany's working people—the very people who according to Communist propaganda were supposed to be favored—were those who started the demonstrations.

The United States is seeking a four-power meeting to satisfy the aspirations of the German people for unification. The British, French and ourselves sent the Soviet Union an invitation to such a meeting on September 2.<sup>2</sup> That invitation is still unanswered. But we still await hopefully a reply.

We have tried to alleviate in some measure the physical suffering of the East Germans through a food program in Berlin, and President Eisenhower is asking the American people to help out with clothing for the coming winter.

#### New Weapons

A problem which preoccupies us gravely is the problem of new weapons. The forces of destruction, largely in terms of atom and hydrogen bombs, are being developed on a scale which threatens the survival of civilization as we know

it. Furthermore, the possibility of setting these destructive forces into motion may be possessed by Communist rulers who openly repudiate the restraints of moral law. That is an ultimate in peril which mankind has never had to face before.

The response is not to cringe or become panicky. The situation calls for a hardening of resolve to dispose of the present wars and present causes of war and to inaugurate an effective control of armaments.

These things are easier to say than to do. But we are so situated that strength of will, clarity of mind, and sustaining faith are all that stand between humanity and self-destruction. Therefore, we must invoke, in greatest possible measure, these qualities needed for our salvation.

Your Government does not believe that salvation can be won merely by making concessions which enhance the power and increase the arrogance of those who have already extended their rule over one-third of the human race. We do believe that if our national purposes are honorable, if we understand the just aspirations of other peoples, if we set forth reasonable positions so clearly that others will not miscalculate, if we are good craftsmen in carrying out our aims, then a just and durable peace is obtainable.

At the United Nations Assembly last week I set forth the overall policies of the United States, particularly with relation to the Soviet Union.<sup>3</sup> The position of the United States is clear. We are willing—indeed eager—to deal with each of the principal situations of tension—such as Germany, Austria, Korea, Indochina, and the burdens of armaments. Also we are not inflexible, except as to matters of basic principle. We claim no monopoly of wisdom or virtue. We feel that we can learn from others, and we are quite prepared to do so.

We appealed to the Soviet Government to meet us in an effort both to control armament and to eliminate the situations which might bring armament into use.

Four days later, last Monday, the Soviet delegation replied. The reply consisted merely of a repetition of their old refrains. But, as we said to the United Nations, we shall not grow weary or discouraged in our quest for peace.

Before passing on to the second phase of my remarks, I should like to point out that, in our handling of foreign affairs, there has been bipartisan cooperation between the Executive and the Congress.

Let me here reassert my dedication to the bipartisan approach, so far as regards foreign policy. I have practiced that for many years—since, indeed, working with Woodrow Wilson. The United States can be successfully served only

<sup>2</sup> BULLETIN of Sept. 14, 1953, p. 351.

<sup>3</sup> *Ibid.*, Sept. 28, 1953, p. 403.

by foreign policies which command the support of the American people generally and of their representatives, of both parties, in the Congress.

### The Bolshevik Plot

Let me now turn from the work of government to the basic task in which all citizens should take part. That is the task of making our American society so sound and so wholesome that it, rather than communism, will attract the admiration and following of the workers of the world. In this task, your Federation and other like-minded labor organizations can and do help mightily in the quest for peace.

The Bolshevik Communists are perpetrating what, in nondiplomatic language, is called a swindle. They portray a "workers' paradise" and they get control over many workers as the workers' friend.

It is primarily by such methods that communism has made its enormous gains.

Since 1939 the Bolshevik Communists have extended their grip to some 600,000,000 additional people of some 15 other countries. In no case has this come about through the voluntary and peaceful choice of the peoples concerned. But the coercion that was applied was in no case the coercion of military conquest, although in some cases the fear of this was potent. The actual method of operation was to seize political power from within. Sometimes this was done by civil war. Sometimes it was done by a sudden political stroke. But in all cases success was largely due to the fact that the Communists had previously won control of what they call "mass organizations." And I do not have to tell you that one of their primary targets has been and is the labor unions. The professional Communist agitators, largely working in secret, have sought to persuade the dissatisfied workers that a Communist government would greatly improve their lot.

The capacity of communism to extend its sway by this falsehood is a dangerous fact. It means that we could be encircled, penetrated, and perhaps even overcome without the Soviets ever having to fight us in open battle. Indeed, Stalin boasted that our defeat would come that way. No task is more important for us than that of exploding the Communist myth.

### The Communist Hoax

That should be possible. Indeed, you in your worldwide efforts have proved that it is possible. The facts are all in our favor. The Russian worker is the most underpaid, overworked person in any modern industrial state. He is the most managed, checked, spied on, and unrepresented worker in the world today. He has full employment, to be sure, because prison camps see to that. He earns his pay through a piecework

system which would make the authors of the Taylor-Bedeaux system gape with envy.

Legally, the Russian worker is not allowed to leave his job and shift to another job, because he is bound to his job by his labor book. That is his only pass to any future work.

In Moscow, the capital and show place of communism, the average worker's apartment has 12 persons living in it. This comes to an average living space per worker of only 6 feet by 7 feet. Whole families must live in one room and share a bath and kitchen with three or four other families.

Prices are so high that, for most workers, only bare existence can be paid for. I obtained some figures. I hesitate about using them here, because I know that the story is a familiar one to many of you. Indeed, the data upon which my figures are based may in considerable part have been obtained through your organization. The figures are, however, so striking that, at the risk of repeating what you already know, I should like to give them.

For a worker to buy a pound of butter in New York, it takes 27 minutes of work; for a similar worker in Moscow it takes over 6 hours of work. For a pound of sugar, 31½ minutes in New York; 84 minutes in Moscow. For a quart of milk, 7 minutes in New York; 42 minutes in Moscow. For a dozen eggs, 25 minutes in New York; nearly 3 hours in Moscow. For a cotton shirt, 1 hour in New York; 22 hours in Moscow. For a man's suit, 3 days in New York; 47 days in Moscow. For overshoes, 1 day in New York; 13 days in Moscow. For a woman's wool suit, 22 hours in New York; 22 days in Moscow. For a cake of soap, 3 minutes in New York; 30 minutes in Moscow.

Some classes, such as party leaders, factory bosses, secret police leaders, and ballet dancers, get well paid and they live well. In the misnamed "classless society" of communism, there are the most extreme class distinctions, and in the hierarchy of class the working man and the farmer are classed close to the bottom.

Statistics, such as those I have just recited, are not easy to get. The Soviet Government maintains fantastic secrecy over even the most basic data in the field of labor. What is the average wage of a Russian worker? We search Soviet sources in vain, for that figure has not been published for many years. What is the trend of Russian cost of living? The Soviet Union has not published a cost-of-living index for two decades. This fact of secrecy speaks for itself. If the Soviet Government were not afraid of what the true figures would show, it would publish them. Only by secrecy is the Communist myth maintained.

There is a United Nations Report on Forced Labor which will be presented to the United Nations Assembly during this session.<sup>4</sup> Your Federation

<sup>4</sup> For text of the section of the report dealing with the Soviet Union, see *ibid.*, Aug. 10, 1953, p. 167.



had a large part in getting this report made. Its authors are three eminent and independent personalities from India, Norway, and Peru. The report says that the Soviet Union and its satellites use the forced labor of convicts on a vast scale. It points out "whole groups of persons are obligated by order of public authority to take up, or remain in, a given job against their will if necessary and may be penalized for not doing so." It calls the Soviet methods of training and allocating manpower "a system of forced or compulsory labor."

The so-called "labor unions" in the Communist world do nothing to improve these conditions. That is because the Communist union is simply the largest "company" union in the world. The company there is the totalitarian State.

Let me at this point read you a statement:

Trade unions which by nature are designed to safeguard workers' rights have become in fact the organs of official Communist control and oppression. Membership is obligatory; meetings are rubber-stamps for "resolutions" dictated from above, and objections cannot conceivably be raised. In short, the trade union is a mechanism for exacting the greatest amount of labor out of the worker.

This statement was given to me last Tuesday by Dr. Marek Korowicz, who came to the United Nations as a member of the Communist delegation from Poland and who took that opportunity to seek asylum in a land of freedom.

#### **Peaceful Change vs. Violent Change**

We should not be surprised at the tragedy which has befallen the Russians.

Rulers who invoke violence, hatred, and falsehood to win their ends usually reproduce the very conditions which they set out to destroy. The extremely violent character of the Bolshevik movement destroyed not only the reactionary Czarist elements within Russia, but also the moderate elements. So, the revolution has largely reproduced for the workers the conditions which prevailed under the Czars.

Much lip service is given the worker; a few exhibits are created for foreign observers. But that is where the "workers' paradise" ends. The rest is misery.

It is tragic that this fate should have befallen the Russian people. They possess fine qualities which we admire. They have always had the friendship of the American people. Today, they deserve also our sympathy.

The history of the United States tells another story. Our social progress has been achieved by peaceful change. The political institutions with which our founders endowed us were flexible. Thus, as our people gained a clearer perception of right and wrong, that perception could be translated into law and practice, by orderly methods.

Under that system, social and economic changes have been immense. Human beings have less and less been treated as mere tools of production.

There has developed an increasing sense of social responsibility. No longer can the social order be described as "each for himself and the devil take the hindmost." Social security has rapidly expanded in scope. Graduated income and inheritance taxes effect a very considerable distribution in accordance with need.

Average hours of labor have steadily been reduced and hours of leisure correspondingly increased. Wages, not only in terms of dollars but in terms of effective purchasing power, have increased. This has primarily been made possible by cooperation between labor, management and capital to use the inventive capacity of a free society, to improve steadily the tools of production.

I do not pretend that the situation is perfect. And you know well that it is not. Injustices and inequalities remain. There are still those who are underprivileged. Intolerance and bigotry still survive. These defects we naturally emphasize as we strive, domestically, for better things.

But from the standpoint of foreign relations, the status which has been won for the worker in this country is a tremendous asset. What the Communists pretend, we do. When we Americans face the outer world, we can do so proudly.

#### **Exposing the Facts**

The facts about the Communist world and the facts about the American world ought to be known throughout all the world. Then the Communist menace would recede. Then Soviet power, which uses communism as its Trojan Horse, would go back to where it belongs, that is Russia. And in Russia despotism would relax its grip and freedom would be reborn.

As it is today, the Communist Party still holds control of many labor unions throughout the free world, on the theory that the Communist system provides a "workers' paradise." In France and Italy the largest labor unions are still Communist-dominated. In many other free countries the Communists dominate unions which have special power in relation to transportation and key defense activities.

I know that the persisting influence of communism is a matter of great concern to the free labor unions, and that you of the A. F. of L. are taking the lead in combating this situation. Also I know that the world situation would be far worse than it is if it had not been for your timely and vigorous engagement in the struggle for freedom.

You have done more than any other single body to explode the Communist myth. In this matter there should be a more intimate partnership between us. You have not always received the official support and backing you deserve.

I recall vividly the first meeting of the United Nations Assembly in London in January 1946.

At this time the Soviet delegation was attempting to bring the Communist-dominated World Federation of Trade Unions into the United Nations and into other political conferences as spokesman for all the workers of all the world. It was the representatives of the A. F. of L. who largely helped to circumvent that plot. Then you helped to create the International Confederation of Free Trade Unions as an alternative to the Communist Federation. The Free Trade Unions' Confederation has gone on to perform a great service for the free trade unions of 73 lands.

I have given one example of your effort, drawn from my own firsthand knowledge. The total chapter of your effort is long and honorable. Here at home you have striven, with much success, to make the American record one of which all of us can be proud. Also, you have vigorously and suc-

cessfully combated the Communist menace on foreign fronts. In so doing, you have made a great contribution both to the glory of America and to the safety of America.

In the past the most dependable defense of our nation has been the goodwill created abroad by what was called the great American experiment." It was no military experiment, but a demonstration of political and social progress. Today we do have a great military establishment and, unhappily, we need it. But it would be disastrous if we made the mistake of looking on armed might as an all-sufficient defense. The greatest asset of our Nation has always been, still is, and always will be, not military force but that same "great American experiment," an experiment in which the free labor movement plays the essential role of a dynamic force.

## Reappraising International Trade Practices

*by Samuel C. Waugh*

*Assistant Secretary for Economic Affairs<sup>1</sup>*

Almost every day that has passed since I arrived at the State Department a few months ago has brought to my desk one or more of the many problems involved in the relations between my country and your countries under the general agreement. The fact is that GATT has come to occupy a significant place in the fabric of our common international life.

President Eisenhower and Secretary Dulles have asked me to express to this meeting their hope that the business which will occupy us will be brought to a successful conclusion. The President has also asked that the following message be read to you:

The eighth session of the Contracting Parties to the General Agreement on Tariffs and Trade seems to me to be one of special significance. Many nations of the free world, including the United States, are now actively engaged in reexamining their international economic policies.

In this process of reappraisal it is important that we keep our sights clear—that the nations of the free world remain firmly dedicated to our common purpose re devel-

oping that higher level of profitable international trade necessary to the economic strength and well-being of all our peoples.

I am confident that through the accomplishments of this session the Contracting Parties will again demonstrate that the nations of the free world have the will and the means to reach this goal.

In the United States President Eisenhower has established a broadly based governmental commission to review the economic foreign policy of the country. The President stated in his message to Congress recommending the interim extension of the Reciprocal Trade Agreements Act such a review "is imperative in order to develop more effective solutions to the international economic problems today confronting the United States and its partners in the community of free nations."<sup>2</sup> These solutions must include trade arrangements aimed at the widest possible multilateral trade, balanced at high levels.

We have come through the period of postwar economic troubles and turmoil. The Marshall plan has fulfilled its task and has passed into history. The economic challenge presented by

<sup>1</sup> Address made at the eighth session of the Contracting Parties to the General Agreement on Tariffs and Trade (GATT) at Geneva on Sept. 18 (press release 509).

<sup>2</sup> BULLETIN of Apr. 27, 1953, p. 634.

the Korean emergency has been met, and substantial progress in building our defenses against the threat of future aggression is now evident. Nevertheless, too many parts of the free world are still too far short of achieving that degree of economic strength and resiliency which is needed to protect our common security and enrich the lives of our people.

An effective multilateral trading system, general convertibility of currencies, an adequate flow of international capital, satisfactory development of underdeveloped areas—these essential ingredients of a productive international economic system are not yet within our grasp.

It is appropriate, therefore, that all should now begin to reassess our present policies and institutions, to see how they can be improved, and to chart a course for the future which can lead us more surely and effectively toward our common goals.

All will enter on this task of reassessment faced with certain basic, inescapable facts. Events of the past 15 years make us realize that there is no longer any such thing as isolation on this shrunken globe of ours—that no people can remain long aloof from all the rest, secure from military threat and free of economic cost. We know that in the years immediately ahead we must find ways of living with one another by rules and institutions which do not lead to a terrible war in every generation.

The people of my country, like those of virtually every other country of the free world, have come to accept these propositions as fundamental. For us, as for other countries, there is no longer any such thing as splendid isolation. We are in the business of international cooperation to stay.

#### **Bases for Economic Planning**

Planning ahead for a period of greater and more effective cooperation on economic matters, there are a few basic tenets on which we can build. To begin with, it is crystal clear that the trade relations of nations cannot be effectively established on a bilateral basis. The basic rules by which nations allow goods to move across their borders must be developed jointly by all the nations concerned and must have their common consent. Today modern transportation allows nations to draw their basic raw materials from the four corners of the globe. Nations find their markets thousands of miles away. At virtually every point in the free world the interests of three or four or a dozen trading nations have to be reconciled. There is no bilateral method, or any other kind of "closed" system, which can deal with this situation in a way which gives trade an opportunity to flourish and to bring nations the full benefit of which trade is capable.

Another lesson has been learned from the events

of recent years. We now know there is an inseparable link between the "internal" policies of nations and their trade patterns. There was a time when nations felt that the waves of destructive inflation or equally disastrous deflation to which their economies were being periodically subjected were purely internal matters, on which other nations were not entitled to express an interest. But this view, too, has passed. We now recognize that the ability of the free world to create a multilateral system of trade and payments requires action not only in the field of international trade and monetary policy but also the adoption of appropriate internal policies. Persistent inflation in important trading countries can easily wipe out any prospect of a wider and freer system of international trade. Serious deflation can do the same. International cooperation of the future must be built upon a fuller recognition of these relationships than has been had in the past.

A word or two about current economic conditions in the United States might be appropriate. And in making these comments I hope I will not be accused of being immodest.

The United States is a large importer, also a large exporter, and one of the world's important sources of capital for investment purposes. For these reasons, economic conditions and prospects in our country are naturally and properly matters of great interest to other nations. What, then, is the present situation, and what is the outlook for the immediate future?

This is an area in which it is not possible, with any degree of reliability, to look very far ahead. The tools of economic science are not sufficiently scientific to yield predictions for more than a short period in the future.

Limiting comments to the short term, economic conditions in the United States are on the whole good. Production, consumption, and imports continue at high levels. The gross national product in 1952 was \$350 billion. The estimate, in comparable prices, for the year 1953 is 5 percent higher. And overall economic activity in the United States may continue to rise during the first half of 1954.

The general price level has remained stable and is not expected to change significantly during the next 9 months. The prices of industrial commodities, as a group, showed a slight upward trend. The only area in which price weaknesses have appeared has been in farm products. By the end of 1952, wholesale prices of farm products were 16 percent below the 1951 peak levels, and they sank another 3 percent during the first half of 1953.

Total civilian employment has more than kept pace with the growth in the labor force and has reached the highest levels in history. Unemployment is remarkably low, having averaged 1.6 million—2.6 percent of the civilian labor force—



during the first half of 1953. This figure is lower than the proportion in 1952, which in turn was lower than the rate in 1951.

Wage levels, too, have continued their upward trend, but at a slower rate. Substantial increases were obtained during 1952 by workers in a number of major industries. Defense expenditures are scheduled to reach their peak during the current half year and to be somewhat lower in the first 6 months of 1954. For the year ending June 30, 1954, they will total about \$5 million above the amount spent during the 1953 fiscal year.

#### **Change in the Balance-of-Payments Picture**

The United States balance-of-payments picture has changed significantly since early 1952. Between the middle of 1951 and the end of March 1952 the United States accumulated approximately \$1 billion in gold and dollar assets from other countries. Since the end of March 1952, however, the trend has been reversed and other countries have been accumulating gold and dollar assets. It is expected that, over the months ahead, a further accumulation will occur, with the result that the gold and dollar holdings of other countries should soon be well above the amounts held in 1945, which represented the previous peak in such holdings.

The changed balance-of-payments position of the United States is due primarily to the decline in our merchandise exports. During the first half of 1952 we were exporting at an annual rate of \$14.5 billion. During the second half the rate declined to \$11.9 billion. At the same time imports by the United States have remained steady during 1952 and at a considerably higher level than during the latter half of 1951. Further increases in imports are anticipated in the months ahead.

A great deal has been learned about the operations of our economy during the past quarter of a century. We do not yet know enough to avoid all downward fluctuations in economic activity. Nevertheless, my Government is studying a wide range of policies and measures to avert, if possible, a future decline or to minimize it if it occurs.

Encouraging signs are seen as we look toward conditions in other countries. A number of important trading nations and areas, in addition to increasing their gold and dollar reserves, have succeeded in bringing inflationary trends under control; industrial production in Western Europe has risen from last year's levels. In many—although not all—of the underdeveloped areas, the record is one of gradual progress.

Perhaps more significant than these immediate situations, there have been heartening evidences of a fresh determination by governments to move away from direct economic regimentation and con-

trol, to allow greater leeway for the strengthening forces of competition, and to encourage greater efficiency and flexibility within national economies. The statement of the Commonwealth governments late last year of their intention to pursue the internal policies requisite to a freer exchange of currencies and trade is a noteworthy and welcome example of constructive policies in the making.<sup>3</sup>

Many of our governments are now in the midst of a healthy process of reassessment and reappraisal, taking stock and formulating plans for the future. It is important, however, that this process should not take too long. It is our hope and aim that our own Commission on Economic Foreign Policy will be in a position to report to the President and the Congress in time for appropriate legislative and other necessary action to be taken during the early months of next year. If these plans materialize, our Government would then be able to discuss more definitively the role which it is prepared to play in further international cooperative efforts in the economic field.

Of primary importance for the future will be the kind of international trading arrangements and institutions which will best serve our common interests. Our chairman yesterday suggested that we look forward to plans for undertaking a basic review of the operation of the General Agreement on Tariffs and Trade and for considering proposals which governments may put forward for such changes or such new arrangements as may prove desirable. While it may be unwise to establish too rigid a timetable for international discussions on this subject, it is the present thinking of my Government that the coming year may prove to be an appropriate time.

In the months ahead the free world may well be in a better position to move toward more effective international cooperation than at any time since the end of the Second World War. Those of us attending this eighth session of the Contracting Parties to the General Agreement on Tariffs and Trade as representing our respective governments should put forth every possible effort toward the creating of a sound and productive economic system which is the goal of all free nations.

#### **Assistant Secretary Waugh Leaves for GATT Meeting**

Press release 495 dated September 14

Samuel C. Waugh, Assistant Secretary for Economic Affairs, left on September 14 for Geneva where he will serve as chairman of the U.S. delegation to the eighth session of the General Agree-

<sup>3</sup> *Ibid.*, Mar. 16, 1953, p. 397.

ment on Tariffs and Trade (GATT), scheduled to convene on September 17.

In addition to the United States, there will be representatives from 32 other countries at the meeting. The General Agreement on Tariffs and Trade is a multilateral agreement under which the member countries have agreed to general rules for the conduct of international trade and to specific tariff concessions.

Mr. Waugh will depart from Geneva on September 29, by way of Rome, Beirut, and Karachi, for New Delhi, India, to attend the Ministerial Meeting for the Colombo Plan which will begin October 13. This will be the fifth meeting of the Consultative Committee since the inception of the Colombo Plan in 1950. It will be the third in which the United States will have participated as a member. The Consultative Committee is an organization of countries interested in the economic development of free-world nations in South and Southeast Asia. The annual meeting of the Committee provides an occasion for the interchange of ideas, consultation, and advice on the economic development of the Asian area.

En route to New Delhi, Mr. Waugh will stop briefly in Rome, Beirut, and Karachi for consultation with officials of the American missions in those capitals and discussion with government officials.

#### **U.S. Delegation**

The Department of State announced on September 15 (press release 499) that members of the U.S. delegation to the GATT session, in addition to Mr. Waugh, would be as follows:

##### *Vice Chairman*

Winthrop G. Brown, Counselor, American Embassy, London

##### *Advisers*

Carl D. Corse, Chief, Commercial Policy Staff, Office of Economic Defense and Trade Policy, Department of State

Morris J. Fields, Chief, Commercial Policy and United Nations Division, Office of International Finance, Department of the Treasury

Joseph A. Greenwald, Economic Officer, American Consulate General, Geneva

Walter Hollis, Assistant to the Legal Adviser, Department of State

John M. Leddy, Director, Office of Economic Defense and Trade Policy, Department of State

P. K. Norris, Agricultural Economist, Foreign Agricultural Service, Department of Agriculture

Bernard Norwood, International Economist, Office of Economic Defense and Trade Policy, Department of State

Richard H. Roberts, Acting Director, Office of Requirements and Allocations, Production and Marketing Administration, Department of Agriculture

Alexander Rosenson, Chief, Monetary Affairs Staff, Office of Financial and Development Policy, Department of State

Robert E. Simpson, Deputy Assistant Director for Economic Affairs, Office of International Trade, Department of Commerce

##### *Secretary of the delegation*

Mason A. LaSelle, Office of the Resident United States Delegation to International Organizations, Geneva

Pursuant to a recommendation of the Preparatory Committee of the United Nations Conference on Trade and Employment, negotiations in which 23 countries participated were carried on at Geneva in 1947 for the purpose of affecting a reduction of tariffs and other trade barriers and of eliminating preferences on a reciprocal and mutually advantageous basis. Those negotiations resulted in the formulation of the General Agreement and of a Protocol of Provisional Application of that agreement. Further tariff negotiations have taken place and the number of contracting states is now 33.

The General Agreement provides that representatives of the contracting parties shall meet from time to time for the purpose of facilitating the operation and furthering the objectives of the agreement. The seventh session was held at Geneva, October 2–November 10, 1952.

## **Organization of Commission on Foreign Economic Policy**

### *Statement by the President<sup>1</sup>*

White House press release dated September 22

No group of citizens has been called to a higher mission than the one on which you are setting forth today.

The economic health of our own country and that of other friendly nations depends in good measure on the success of your work. Your task is to find acceptable ways and means of widening and deepening the channels of economic intercourse between ourselves and our partners of the free world. It is essential that we help develop new markets for our great productive power and at the same time assist other nations to earn their own living in the world.

Because your inquiry is so basic, you will encounter difficulties—some old and some new. In dealing with them, I commend to you an attitude both realistic and bold. Above all, I urge you to follow one guiding principle: What is best in the national interest.

<sup>1</sup> Made before the Organization Meeting of the Commission on Foreign Economic Policy at Washington, D. C., on Sept. 22. For names of the Commission's 17 members and a statement defining its duties and powers, see BULLETIN of Aug. 31, 1953, p. 279.

## International Investment and Economic Progress

by Eugene R. Black<sup>1</sup>

Since our meeting last September in Mexico City, I think we can look back on another period of progress and solid achievement in the bank's record of operations. Loans signed during the fiscal year totaled \$179 million. This brought our commitments at the end of the year to almost \$1,600 million. Studies and negotiations intended to clear the way for further lending have been going forward on an unusually wide range of projects. At the same time we have carried out a great deal of technical and advisory work. Our tenth general survey mission—the mission to British Guiana—has completed its task, and we have sent out a large number of missions with more specialized objectives.

Both public and private enterprise are to benefit from the loans made during the fiscal year. One of them will make more than \$30 million available to expand the production of steel by a privately owned plant in India; others will support vital industries in two countries in Europe; others will enable Colombia to integrate her railway system and Brazil to expand her supplies of electric power.

The work done during the fiscal year in preparing the ground for new loans has already begun to bring results. Since the first of July, seven additional loans have been made—to Brazil, Iceland, Nicaragua, and South Africa—amounting to \$73 million.

As our commitments increase, so does the rate of our disbursements. In the year to June 30 last we disbursed \$227 million. This was more than in any year except 1948, when our large postwar recon-

struction loans in Europe were being rapidly drawn down.

Nearly a third of the year's disbursements were made in Europe. The equivalent of \$68 million was spent there. Almost \$15 million was spent in other regions outside the United States. In this way the bank is helping to enlist the products and skills of the world, wherever they may be recruited to best advantage.

To increase its financial resources, the bank has sold three new bond issues. An issue of \$60 million was sold in the United States, and two issues, each equivalent to about \$12 million, in Switzerland. As a result of changes in money-market conditions, interest rates in the United States rose during the fiscal year. Some rise in the rates charged on new bank loans consequently became unavoidable.

The bank's resources have also been augmented by various releases of the 18 percent capital subscriptions paid in by member countries in their own currencies. By the end of the last fiscal year, we had loaned or allocated to loans the equivalent of \$65 million from the 18 percent subscriptions of countries outside North America.

### Use of Released 18 Percent Funds

I continue to attach the greatest importance to further releases of 18 percent subscriptions. Additional resources of nondollar capital would increase the scope of the bank's lending operations. They would also enable the bank's borrowers to take more advantage of the increased availabilities of nondollar goods and services. We would continue, of course, to adhere to our existing practice of conserving our nondollar funds to finance purchases by borrowers least able to support additional dollar debt.

Hitherto, in many instances, the use by the bank of released 18 percent funds has been subject to limitations. Sometimes, released funds may be used only for lending to specified member countries; sometimes they may be used only to finance

<sup>1</sup> Excerpts from an address made on Sept. 9 before the 8th annual meeting of the Board of Governors of the International Bank for Reconstruction and Development at Washington. Mr. Black, president of the International Bank, on this occasion presented the bank's 8th annual report to the Board of Governors. For a summary of the report, see *BULLETIN* of Sept. 7, 1953, p. 319. For Mr. Black's address before the 7th annual meeting at Mexico City, see *ibid.*, Sept. 15, 1952, p. 385.



the purchase of specified categories of goods; sometimes there are restrictions in both respects. Frequently the release is subject to prior consultation on each project between the bank and the releasing member government.

I welcome any addition of resources to our capital funds. At the same time, I must emphasize that releases subject to such restrictions or limitations do not adequately meet the requirements of the bank or of our borrowers. Nor do I think that they carry full advantage to the releasing country. In the very early stages of the preparation of a project, it is important that the bank should know what currencies will be available to finance the borrower's requirements. It is also important that the borrower should know that the widest possible field of procurement will be open. Unless there is assurance that a contract can be financed in the currency of a particular supplying country, the borrower may not ask for,

### **U.S. Support for Objectives of International Bank and Fund**

*Following is the text of a message from President Eisenhower which was read at the annual meeting of the International Bank and Fund on September 9:*

To the Chairman and Members of the Board of Governors of the International Bank for Reconstruction and Development and the International Monetary Fund:

It is a pleasure to welcome you to Washington for the Eighth Annual Meeting of the Bank and Fund.

The United States fully supports the great objectives of these two institutions: the establishment and maintenance of sound money, the quickening of trade, and the development of natural resources. The Fund and Bank are outstanding examples of cooperative endeavor and achievement. They are instruments through which the member countries work together to help achieve a better life for their peoples.

I congratulate you on the progress thus far won and wish you success both in your deliberations and in your operations in the year ahead.

or consider, tenders for equipment or services from that country. This assurance may well determine in what country the contract is placed. Indeed, it may be the determining factor in the borrower's ability to obtain a bank loan, in those cases where the borrower's capacity to incur further external debt depends on the currency which he is obligated to repay.

With all these considerations in mind I have continued to press our Western European member governments to liberalize the use by the bank of their 18 percent subscriptions, so that the bank may be able to rely upon substantial resources of nondollar currencies, free from the restrictions that I have mentioned.

I am glad to inform the Board of Governors that my representations have met with considerable success. Several of our European member governments have already accepted the principle that I have been advocating. In some cases, details are now being worked out, and I expect to be able to report more fully to the Board on this subject before this annual meeting closes.

I shall not attempt in the time at my disposal to analyze the present state of the world economy. The year just behind us has had its ups and downs—its record of pluses and minuses in the balance sheet. But no brief summary could do justice to the various factors that enter into the complex and still precariously balanced play of economic forces. I shall therefore confine my remarks to certain aspects of the situation which immediately concern the job which the bank is trying to do in the field of economic development.

There can be no doubt that an indispensable element in the financing of long-term development is the increased flow into the underdeveloped world of private investment capital from abroad. The stimulation of this flow should in my opinion rank as one of the primary objectives of the bank. . . .

The existence of unsettled external obligations can be a serious barrier against a renewed flow of foreign private investment. I am therefore pleased to note the progress that has been made in recent years in wiping the slate clean of unsettled foreign debts. Efforts are being made by various member countries to come to agreements with their creditors. The most recent settlement has been that negotiated by Ecuador. You will remember too that agreements have been arrived at with their main creditors by Germany and Japan and that settlements of certain smaller amounts have been reached by other countries. In several other instances active discussions have been going on between the debtor country and bondholders abroad. As a result of all this activity nearly two-thirds of the publicly held external debt of member countries which was in default at the end of 1946 has now been settled or is under negotiation.

I should now like to deal with a subject whose significance has impressed itself increasingly upon us in the bank in the course of our activities over the past 6 years.

### **Need for More Power Facilities**

The bulk of our investment operations has been in the field of public utilities, especially of electric power, and we are constantly encountering the importance of power, even where we are financing projects outside the immediate power field. The authorities and the industrialists, and indeed the community at large, in our underdeveloped mem-

ber countries, are highly "power conscious." The slogan almost everywhere is "cheap power, and more of it."

I certainly share the view that if plans for general economic development are to go forward at the desired pace, an expansion of power facilities is essential. The technical advances which have made it possible to produce electricity at a central point and to distribute it over wide areas have given the world the most economical and convenient source of heat, light, and power yet known to man. There is an ever-growing tendency towards the substitution of electricity for other forms of energy. With the expansion of industry and agriculture and the rise in the standard of living, the demand for power is ever-increasing; and as availabilities of power increase, new demands are created.

Consequently, in a developing country, there is likely to be a legitimate need for a steady increase in power supplies over the foreseeable future, for purposes necessary to orderly economic progress. But, in most places, there are stubborn factors which operate in such a way that the supply tends always to lag behind the demand.

The approach to a power-expansion policy of a nation deserves, I think, more serious study and more careful planning than have sometimes been given to it. For example, there are the alternatives of hydropower and thermal power. Technical considerations aside, the choice between the two must be carefully weighed. Hydrosources may provide power at cheaper costs of production, but the amount of the capital investment may present a serious financial problem. Thermal sources, on the other hand, may necessitate the use of scarce foreign exchange for the importation of needed fuel.

But given even the most prudently planned expansion program, acute problems arise in the field of finance.

In 1950 some 20 countries with a population of about 500 million had an average annual per capita consumption of electricity of about 500 kilowatt hours. These countries, with less than one-third of the world's population (excluding Russia and China), used over 90 percent of the world's electric power. In the rest of the world (again excluding Russia and China), with a population of over 1,100 million, per capita use averaged only 50 kilowatt hours per year.

To visualize what this low level of consumption means, imagine each family of five confined to the use of one moderate-sized lamp and no power at all for industrial or any other purposes.

Even if, over the next 10 years, the present low per capita consumption in the less developed countries were to be no more than doubled, an investment of as much as 10 billion dollars would probably be needed, of which more than half would have to be spent on imports.

The funds for expansion should come, to some extent, from reinvested earnings of the undertakings themselves. But usually the demand for expansion is on a scale certainly greater than could be financed on a cash basis out of normal operating revenues. Permanent investment of this kind should properly be financed on a long-term basis. But here a serious obstacle presents itself. In most of the underdeveloped countries a capital market does not exist to which recourse can be had for funds for power development in the manner that has become routine in North America and in Western Europe.

In my opinion, the mobilization of investment funds for the expansion of power services in our underdeveloped member countries presents a financial problem of the most urgent importance and of the greatest complexity. The development of a capital market that will be receptive to offerings of bonds or shares of power undertakings will be a slow process at best. In the meantime, the only alternative sources of the needed investment funds are the government or the consumers themselves. But in a developing country the simultaneous claims on government funds for public investment are heavy and pressing; it seems to me a prudent policy to conserve those funds for necessary projects which are not themselves direct revenue-producers. I therefore see considerable merit in the view that, to the maximum possible extent, those who are the users of power should contribute more than they have done in the past toward providing the funds for expansion. I do not believe that such an approach should impose an unduly heavy burden; the cost of power, within any likely limits, can only be a small factor in the production costs of industry or in the domestic budget.

If the needed flow of funds is to be induced, novel and ingenious financing techniques will have to be adopted to meet conditions where orthodox financial institutions, or mechanisms, or investment habits are, so far, in their infancy. For example, I think it is worth considering the possibility of imposing a "construction funds surcharge" on the basic rates, which would be paid by the consumer in cash, but in return for which he would be entitled to receive an equivalent in stock or debentures of the undertaking.

It is, I think, regrettable that, at some times in some countries, the rates charged to the consumer for power are fixed by the authorities more with reference to the political factors of the times than with proper regard to the economic necessities of particular situations. When this happens, every sound financial and business consideration runs the risk of being sacrificed in what is believed to be the cause of cheap power. But if power can be made cheap only by charging rates that do not provide an economic return, the power undertakings are denied the ability to raise not only funds to finance needed expansion but even the funds to maintain their existing plants in



good order. In such circumstances, a community in the long run must be a heavy loser.

All these considerations that I have mentioned apply with equal force whether the industry is government-owned or privately owned, and whether the private segment is in domestic ownership or in foreign ownership. The economic facts of life are no respecters either of governments or of persons.

It is encouraging to note that a better understanding of this important and complex problem is beginning to be shown and that more realistic policies are beginning to emerge.

In one of our member countries where the bank has financed power development on a substantial scale, the problems of future financing have recently become pressing. The authorities in that country have agreed with the bank that a joint study should be undertaken of the power-expansion program and of the measures required to finance development both in the private and in the government sector. I hope that conclusions and recommendations will emerge that will evoke wide interest.

#### **Obstacles to Economic Progress**

Looking at the international investment picture as a whole, it can be said without undue complacency that the flow of funds across national borders is now a somewhat less hazardous operation than it was in the first postwar years. But world economic conditions remain in a variety of ways unfavorable to the international movement of capital. It should be the concern of all of us to see how these conditions can be improved in the coming years.

There is, I think, too much of a tendency to single out some one among the many factors that impede the world's economic progress and to attribute all the world's difficulties to that one factor alone. I am sure that this approach is too narrow to provide a correct appreciation of the economic problems facing the world.

It is true, for instance, that, without a great effort and a growing hospitality toward foreign capital in the underdeveloped regions, economic progress in these regions will continue to be slow and unsatisfactory. But it is also true that the extent to which production will increase in the underdeveloped regions will depend in large part on conditions and policies elsewhere. Especially it will depend on whether the more advanced countries will continue to provide a satisfactory market for the products of these regions and supply to them the funds needed for their development.

Similarly, it is true that there must be an increase in European industrial efficiency if European countries are to restore a satisfactory balance in their external accounts and raise the living standards of their people. But it is also true that

an increase in efficiency will not solve the payments problem of European countries unless Europe is given the opportunity to sell its goods in the markets which supply its primary products. This means that European difficulties cannot be solved by increased efficiency alone. There must also be an expansion of trade between Europe and other regions which does not depend only on European policies. Moreover, the bank's experience in recent years has convinced us that an increase in European efficiency may itself partly depend upon increased availability of capital from the Western Hemisphere.

Finally, while it is true that the liberalization of U.S. imports is an essential condition for the elimination of the dollar shortage and the expansion of international investment, it is equally true that liberalization alone will not restore balance in the world economy. There is also urgent need for the rest of the world to drive back the inflationary tide and to remove other major obstacles to progress.

It will therefore require the joint efforts of all of us to deal effectively with the difficulties still facing the world. But the United States, because of its towering position, has no doubt special responsibilities in this field and must play a leading part in every effort to improve world economic conditions.

The United States can hardly reconcile her position as the giant of the world economy with the fear of foreign competition, which is implied, and is indeed expressed, in the maintenance of high trade barriers and other restrictions against foreign goods. The consequence of these restrictions is to deprive foreign countries of the opportunity of earning dollars with which to purchase American goods and to service American capital. These barriers make the world, including the United States, poorer than it would be if foreign products had easier access to the American market.

#### **More Liberal Import Policy Needed**

In this context, I should like to stress my opinion that the recent improvement in the world payments position has certainly not removed the need for a more liberal U.S. policy on foreign trade. The improvement was not achieved without severe restrictions upon the imports of the non-dollar world and upon American exports. Many markets have, ever since the war, been hedged round with quotas and similar restrictions. These restrictions were sharply increased last year in response to the payments crisis. Balance was restored largely as a result of the fall in imports from hard currency areas. A considerably higher level of buying from hard currency areas could be expected if a more stable payments position permitted the abandonment of these restrictions.

The world balance recently achieved is, in fact,



precarious. Merely to refrain from reversing the downward trend in U.S. import tariffs over the last two decades would not be enough to put international trade on an even keel. Fresh action is required if a durable contribution is to be made by the United States to the postwar dollar shortage and to the avoidance of the periodic crises which this has induced in many parts of the free world. A further reduction in the obstacles to imports into the United States could make this durable contribution.

But I do not need to labor this point. The case for a more liberal import policy has already been argued not only in the world at large but also within the United States. Two important official reports to the U.S. Government during the present year have strongly advocated this policy.<sup>3</sup> It is my hope that due attention will be paid to these reports by the commission which is shortly to begin a thorough study of the whole question of the future foreign economic policy of the United States. Prominent U.S. industrialists, also, have recommended the lowering of tariffs and have expressed their confidence in the ability of their enterprises to stand up to the full force of foreign competition. A step in the direction of more liberal trade has indeed already been taken. The customs procedure of the United States has to some extent been simplified by a law passed this summer. But much else remains to be done if the flow of international trade is to reflect a growing and dynamic world economy.

Let me conclude by expressing my conviction that, in the years ahead, international investment will play an increasingly important part in the worldwide effort to encourage trade and raise production. Helped by the improvements that have already taken place in the world economy and by those that could follow from the policies that are being advocated, I believe that private capital would make a large contribution to this investment.

A swelling stream of international investment would benefit recipient countries by helping to speed their development and to raise their productivity and their living standards. It would also benefit investing countries. They would find eager new markets for their products and wide new applications for their techniques. They would find new sources of the supplies needed by their own economies. Like the recipients, they would gain from the more stable world trade balance to which international investment would make its own substantial contribution.

The bank has a mandate to keep within the field of productive investment and of projects yielding a sound economic return. But our mandate gives full recognition to the place of the

private investor within this field and precludes the bank from undertaking projects for which private capital is available. Indeed, the bank's work helps to pave the way for other investment. It penetrates territory unfamiliar to most investors and helps to lay the basis on which other investment can be built. By the sale of its own bonds and of securities from its portfolio, it also provides a channel through which investors around the world can participate in the development projects which the bank is supporting. With larger opportunities for international investment in prospect, I am confident that the scope of the bank's activities will widen and its services to the world economy increase.

## International Bank Announcements

### \$14,350,000 Loan to Colombia

The International Bank for Reconstruction and Development on September 10 announced a loan of \$14,350,000 to the Republic of Colombia. The loan will help carry forward improvements in the national highway system which were begun in 1951. It will also support a long-range, comprehensive road-maintenance program being undertaken for the first time in Colombia.

Completion of the rehabilitation program now under way on the arteries carrying the heaviest traffic will enable the roads to bear the steadily increasing volume of commercial traffic, will reduce transportation costs, and will improve access to rapidly developing areas. A well-organized and continuing program of highway maintenance will assure that the new roads, as well as the whole network of national highways, will be kept in good condition and be of lasting benefit to the country.

Since 1945 there has been a sharp increase in all kinds of traffic on Colombia's roads. The registration of trucks has almost tripled; the registration of buses and automobiles has doubled. Trucks, of which there were nearly 28,000 in 1951, account for two-fifths of all motor vehicle registration, and for two-thirds of all road traffic; and their number is increasing by about 15 percent a year.

In April 1951 the bank made a loan of \$16.5 million to pay for imported equipment and materials needed to rehabilitate about 1,800 miles of Colombia's principal highways. Difficulties of construction on Colombia's rough mountainous terrain, frequent landslides, and delays in delivery of heavy equipment, have made it necessary to revise the cost estimates upward and to extend the construction period from mid-1954 to the end of 1955. In addition, as the project progressed, experience showed that more paving would be necessary to enable the roads to withstand traffic and weather conditions, and it is now planned to pave

<sup>3</sup>The Bell report (BULLETIN of Mar. 23, 1953, p. 436) and the Douglas report (*ibid.*, Aug. 31, 1953, p. 275).

over 80 percent of the total mileage rather than the 15 percent originally planned.

The proceeds of the new loan will be used to help finance foreign exchange costs required to complete the original project to adequate standards, with some minor changes and additions, to increase the percentage of roads to be paved, and to establish a comprehensive maintenance program for the entire national-highway system.

#### **\$9 Million Loan to Turkish Bank**

The International Bank for Reconstruction and Development on September 10 announced a loan of \$9 million to the Industrial Development Bank of Turkey. The Turkish Bank is a privately owned institution which helps to finance the establishment or expansion of private industrial enterprises in Turkey, and it will re-lend funds from the International Bank's loan for projects requiring imports of equipment from abroad.

This is the second loan which the International Bank has made to the Turkish Bank. In October 1950 a loan of \$9 million was made to provide the Development Bank with its initial foreign-exchange resources. Both loans are guaranteed by the Republic of Turkey.

Since it began operations early in 1951, the Development Bank has been instrumental in bringing about an unprecedented increase in private investment and private operation in Turkish industry. Prior to its establishment, the growth of private industry was handicapped by the absence of medium- and long-term credit facilities.

#### **Loans to Iceland**

The International Bank for Reconstruction and Development announced on September 4 that it had made two loans for Iceland in European currencies. One, in various currencies equivalent to \$1,350,000, will assist in carrying forward a program of agricultural development. The other, of £90,000 (\$252,000), is to finance the construction of a building to house radio-transmitter equipment serving North Atlantic air traffic. The loans were made to Framkvaemdabanki Islands (the Iceland Bank of Development) and are guaranteed by the Government of Iceland.

The Bank has now made five loans for Iceland's economic development, all in European currencies, totaling the equivalent of \$5,914,000. The earlier loans were for two hydroelectric power stations, a nitrogen fertilizer plant and for agricultural development.<sup>1</sup>

The new agricultural loan, like the one made in 1951, is to further a program begun in 1951 to in-

crease Iceland's agricultural production. The purpose of the program is to restore agriculture to its former place of importance and lessen Iceland's dependence on the fishing industry. The program aims to increase agricultural production 50 percent by 1965 and should improve Iceland's foreign exchange position considerably through import savings and export earnings.

The loan is for a term of 22 years and carries interest of 5 percent including the 1 percent commission which, under the Bank's Articles of Agreement, is allocated to a special reserve. Amortization payments will begin September 1, 1958.

The second loan, of £90,000, will pay for the construction of a building to house some of the radio equipment operated by the Icelandic Post and Telegraph Administration for the safety and convenience of civilian aircraft flying over the North Atlantic. Transmitters used by the administration for ground-air communications and for broadcasting weather information are at present sheltered in an inadequate temporary structure, and a new building is needed to assure the continuance of adequate and reliable service.

Under an arrangement administered by the International Civil Aviation Organization (ICAO), the cost of the service is paid from contributions by 11 countries, including Iceland, whose airlines operate over the North Atlantic. ICAO has arranged with the participating countries for an increased contribution of funds to assure sufficient revenue to pay interest and amortization on the Bank's loan. Maintenance of the navigation service of the Telegraph Administration will help Iceland to continue earnings of foreign exchange from international aviation, and will be of benefit to airlines of Belgium, Canada, Denmark, France, Iceland, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom, and the United States.

The loan is for a term of 12 years and carries interest of 4¾ percent, including the statutory 1 percent commission. Amortization payments will begin on July 15, 1954.

After having been approved by the Bank's executive directors, the loan documents were signed on September 4 by Thor Thors, Minister of Iceland in Washington, on behalf of the Government of Iceland, by Benjamin Eiriksson, general manager of the Iceland Bank of Development, on behalf of the borrower, and by Eugene R. Black, president, on behalf of the International Bank.

#### **Trials of Polish Clergy**

Press release 511 dated September 22

Bishop Czeslaw Kaczmarek of Kielce and several of his diocesan assistants have been sentenced

<sup>1</sup> BULLETIN of Sept. 8, 1952, p. 367.

by the Polish Communists to severe punishments at the end of a "trial" in which various false charges have also been made against several former members of the American Embassy at Warsaw. Such a mockery of justice under the guise of a trial against a high and venerated clergyman has been seen before in Communist states, but this trespass of the spiritual realm, so incompatible with civilization and human dignity, will always arouse the indignation of those who respect the fundamental rights and freedoms of man.

It becomes more apparent with each new example of such carefully prepared and staged spectacles what violations of justice and reason they really are. It is also abundantly clear, as the [William N.] Oatis story again emphasizes, by what methods the victims are induced to confess to crimes they never committed and how worthless are these confessions. This trial is reminiscent of the religious persecution which existed in Stalin's day.

World public opinion will recognize this performance for what it is and will condemn this attempt to accomplish the ends of the Communist regime in attacking and trying to discredit organized religion which is endeavoring to remain loyal to all its principles and teachings in the face of calculated repression.

## Significance of the U.N.

### *Statement by the President*<sup>1</sup>

White House press release dated September 23

There is obviously one deep and abiding bond that joins together those of us here this morning. You have faith and belief in the United Nations, and so do I. Mr. Watson<sup>2</sup> has thanked me for my efforts on its behalf. Rather, I think, it is up to me, as the political head of this government, to thank each of you for your voluntary efforts in support of that great institution.

With all its defects, with all the failures that we can check up against it, it still represents man's best organized hope to substitute the conference table for the battlefield. It has had its failures, but it has had its successes. Who knows what could have happened in these past years of strain and struggle if we hadn't had the United Nations? I think it is far more than merely a desirable organization in these days. Where every new invention of the scientist seems to make it more nearly possible for man to insure his own elimination from this globe, I think the United Nations has become sheer necessity.

<sup>1</sup> Made at the White House on Sept. 23 to the members of the U. S. Committee for United Nations Day.

<sup>2</sup> Thomas J. Watson, Jr., chairman of the committee.

So when I thank each of you, I am thanking you not only as an official act from a government that is committed irrevocably to the support of this United Nations, but I am thanking you for having the wisdom to see what the alternatives are facing humanity and civilization in the world today. And moreover I am also thanking you for your initiative, your readiness to get forward and support something so necessary to decency, to justice, and to peace in the world.

## U. S. Concern for Economic Needs of Berlin

*Following are the texts of letters which President Eisenhower exchanged with Chancellor Konrad Adenauer and Ernst Reuter, late Mayor of West Berlin, concerning Berlin's economic needs:*

### Unemployment in West Berlin

White House press release dated September 18

### *Mayor Reuter to the President*

MR. PRESIDENT:

Mr. Leo Cherne forwarded to me the picture taken in Washington in March 1953 when you were kind enough to receive me. It was very kind of you to write on this photograph a personal dedication in remembrance of my visit to you. Thanking you for your kindness I should like to avail myself of the opportunity to express my warmest thanks for the food gift which we are at present distributing to the people of the Soviet Zone and East Berlin.

As a matter of fact, this gift is the most effective way of assisting these really destitute people. Everybody attending the distribution of the food is deeply touched by the patience with which these people wait for hours, by their poor clothing and also by their joy upon receiving their share. We shall do all we can in order to organize the distribution of the gift so that as many of these distressed people as possible are given an opportunity to participate in this relief program. There is no doubt that the distribution of food contributes much to demonstrate to these people that they have not been forgotten by the free world and that the free world backs them and is determined to help them wherever possible. Every food parcel so distributed strengthens the natural and unalterable ties between these people living under unbelievably difficult economic and political conditions and the free world.

In order to cope with the unexpectedly great rush numerous West-Berliners have volunteered their help for the distribution. This attitude of the people of West Berlin is all the more remarkable as a considerable part of the people of West



Berlin are also living in needy circumstances. In spite of every effort made by us, there are still 225,000 unemployed who have to live on unemployment insurance and unemployment benefit. You know that in spite of all difficulties, the people of Berlin have never been diverted from their determination to maintain and defend the freedom and independence of Berlin. Without the unparalleled attitude of the Berliners during the last years, the revolts of June 16 and 17 which attracted the attention of the whole world would have never happened. Therefore, I should like to express my conviction and hope that, the stronger and healthier Berlin is as a whole, the greater will also be the power radiating from the city into the surrounding Soviet Zone. Therefore, the reduction of the number of unemployed in Berlin is an urgent political and moral concern of the entire free world. If we succeed in creating before long another 50 to 100 thousand places of work, we shall be in a position to add another decisive victory to the moral and political success achieved by the events of June 16 and 17 and the distribution of food which is still being carried through.

If, besides expressing my thanks for the kind dedication you wrote on the photograph, I spoke of the sorrows and needs of Berlin, I have done so, Mr. President, because I am well aware of the understanding and sympathy you have always shown for the needs of this city and its people.

With the renewed assurance of my highest esteem, I remain, Mr. President,

Yours sincerely,

ERNST REUTER

#### *The President to Mayor Reuter*

MY DEAR MAYOR REUTER:

Thank you very much for your kind letter of August 10. I also am most gratified by the success which the cooperation of the Berlin authorities, the Federal Republic and the United States Government has achieved in bringing urgently needed food as tangible evidence of our friendship to the unfortunate people of Soviet occupied Germany. I am impressed with the overwhelming response and with the courage displayed in the face of the many obstacles which the communist authorities have put in the way of these people. It is clear to me that the people of Soviet occupied Germany understand that their welfare deeply concerns the free world which, as you point out, is determined to help them in every way possible.

The American people have not lost sight of the serious difficulties with which the people of West Berlin must cope so long as they are separated from their fellow Germans in the East and West, and cannot enjoy free communication and unimpeded access to supplies of raw materials and markets for their production. While great prog-

ress has been made in raising the level of economic activity and employment in West Berlin we all realize that much remains to be done. The present investment and work relief programs in Berlin were, I am informed, carefully developed in the light of the needs of Berlin and the ability of the Berlin authorities, business and labor, to assist in the creation of additional jobs in existing or new enterprises.

I have no doubt that the Berlin authorities can improve present programs in consultation with the Bonn authorities and the Office of the United States High Commissioner. If proposals can be devised which would give promise of a further substantial increase in employment in Berlin, the United States Government would be prepared to explore with the Federal Republic what further steps the two governments might find it possible to take to achieve this objective.

DWIGHT D. EISENHOWER

#### *Clothing for East Berlin, Soviet Zone*

White House press release dated September 22

#### *Chancellor Adenauer to the President*

BONN

August 30, 1953

MY DEAR MR. PRESIDENT:

It is with deep gratitude that the people of East Berlin and of the Soviet occupied zone receive the food relief granted them thanks to speedy action of the United States administration. I on my part should like to express again my sincere gratitude for this relief. Your generous readiness to help these people in distress encourages me to submit to you another wish:

Winter will come within a few months, and we must reckon with the fact that the population of the East Sector and of the Soviet occupied zone will be in great need of warm clothing and footwear. The Federal Government will do everything in its power to alleviate distress in that respect as well. However, I should be particularly grateful if the United States administration would see its way of promoting that relief program by making warm clothing, underwear, stockings and shoes available to the men, women and children in the distressed areas.

Accept, Mr. President, the renewed assurance of my highest esteem.

ADENAUER

#### *The President to Chancellor Adenauer*

SEPTEMBER 21, 1953

DEAR MR. CHANCELLOR:

Thank you for your letter of August 30, 1953, in which you expressed the gratitude of the people

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of East Berlin and the Soviet occupied zone for the help given by the United States in the food relief program. I am glad that this program has helped to alleviate the great need of these unfortunate people whose courage in the face of oppression has been admired the world over.

At the same time you call my attention to the need for warm clothing and footwear for these same people—need which might become acute during the coming winter. I can assure you that this Government is aware of this need. It is my belief that the American people will gladly and liberally respond to your plea as many of them have done in similar situations in the past through various voluntary agencies. I shall therefore bring your letter to the attention of the American people knowing that they will contribute generously to the organizations which will undertake to provide such clothing and other required and related items.

Accept, Mr. Chancellor, the renewed assurance of my highest esteem.

Sincerely,

DWIGHT D. EISENHOWER

### Application of Handicraft Order in U.S. Zone of Germany

*Following are texts of letters exchanged by Ambassador James B. Conant, U.S. High Commissioner for Germany, and West German Chancellor Konrad Adenauer:*

#### Chancellor Adenauer to Ambassador Conant, September 1

In connection with the negotiation of the contractual agreements there were lengthy discussions with regard to questions of *Gewerbefreiheit* [freedom of economic opportunity] and its relation to the basic law for the Federal Republic of Germany.<sup>1</sup> Following these discussions it was agreed that the Federal Constitutional Court should have the exclusive right to make binding decisions on the interpretation of the basic law and the Allied representatives waived their original desire to incorporate provisions re *Gewerbefreiheit* in the contractual agreements. In connection therewith I wrote to your predecessor, Mr.

<sup>1</sup> Article 12, section 1, of the Basic Law for the Federal Republic of Germany reads: "All Germans have the right freely to choose their occupation, place of work and place of training. The practice of an occupation may be regulated by legislation." (*Germany 1947-1949, the Story in Documents*, Department of State publication 3556, p. 284.) For further background information, see *Report on Germany, Sept. 21, 1949-July 31, 1952*, Office of the U.S. High Commissioner for Germany, pp. 157-162.

John J. McCloy, under date of 25 May, 1952, "that an early clarification of the issues deriving from the basic law is desirable, particularly in consideration of future legislation". I added that if certain proceedings then pending did not result in an adequate clarification of the issues, the Federal Government would seek a decision of the Federal Constitutional Court, as soon as an occasion should arise for the filing of an application under Article 76, Section 2 of the law concerning the Federal Constitutional Court.

Unfortunately, because of the existing legal position, it has not yet been possible to obtain a decision of the Federal Constitutional Court which would clarify the question of the constitutionality of certain restrictions of *Gewerbefreiheit*. In the meantime a federal handicraft order has been adopted by a great majority comprising all democratic parties, and of which the Bundesrat has also approved. It also contains restrictions of *Gewerbefreiheit* which raise the same question.

Under the circumstances I very much appreciate the decision of your government taken at my request to abrogate the U.S. military government directives relating to *Gewerbefreiheit* insofar as they conflict with certain provisions of the law of the federal handicraft order. I know that this decision is based on the desire of your government to give effect to the laws adopted by parliamentary bodies in accordance with the spirit of democracy, even though I recognize that some of the provisions of the federal handicraft order are contrary to U.S. traditions and that the decision of your government is not to be construed as a change in its view that freedom of economic opportunity is essential to the continued strength of free nations.

In view of the general importance of the question of the compatibility of the federal handicraft order with the basic law and in view of the great interest of the German public in the clarification of this issue, I am confident that the Federal Constitutional Court will consider the matter as soon as the issue can be presented to it in accordance with the provisions of the basic law and the law concerning the Federal Constitutional Court. The president of the Federal Constitutional Court has advised my government that he believes that if the matter is brought before the Federal Constitutional Court, priority will be given to the consideration of the question.

In all probability the matter will be brought before the Federal Constitutional Court either on the basis of an individual constitutional complaint or upon the request of a German court which is confronted with the issue. But on behalf of my government I want to reiterate what I said in my letter of May 25, 1952 and add the assurance that (other than itself asserting that the federal handicraft order as adopted by the Bundestag and Bundesrat is unconstitutional), my government

will do whatever it can legally do under applicable laws to expedite presentation of the question to the Federal Constitutional Court.

Accept, Mr. Ambassador, the assurance of my highest consideration.

ADENAUER

**Ambassador Conant to Chancellor Adenauer, September 9**

I have the honor to confirm the receipt of your letter of September 1, 1953, concerning the decision of my government to amend the pertinent United States military government directives relating to *Gewerbefreiheit* to the extent necessary to permit the law on the federal handicraft order to go into effect in the United States Zone.

In this connection I wish to state again that freedom of economic opportunity appears and has always appeared to my government as essential to the continued strength of free nations. I am gratified that you recognize that this continues to be the view of my government. You also appreciate that it is for this reason that my government continues to attach such importance to a prompt clarification of the constitutionality of the federal handicraft order.

The Allied High Commission and the Federal Government have agreed that on this issue of constitutionality the basic law of the Federal Republic is alone decisive. I therefore particularly welcome your statement that the question of compatibility of the federal handicraft order with the basic law is one of general importance, in the clarification of which the German public is greatly interested, and your assurance of the cooperation of your government in expediting presentation of the question to the Federal Constitutional Court. I have also noted that the president of the Federal Constitutional Court has advised your government that he believes that if the matter is brought before the Federal Constitutional Court priority will be given to the consideration of the matter.

In the light of the foregoing, my government is satisfied that it should be possible to obtain a prompt judicial decision as to the compatibility of the federal handicraft order with the basic law. Accordingly, the Minister Presidents of the *Laender* in the United States Zone and the President of the Bremen Senate are being informed today that the United States Military Government directives on *Gewerbefreiheit* issued by the directors of the offices of United States *Land* military governments under the OMGUS directives of November 29, 1948, and March 28, 1949, shall be considered as having been amended to the extent necessary to permit the application of the federal handicraft order in the United States Zone.

Accept, Excellency, the renewed assurances of my highest consideration.

CONANT

## Visit of French Leaders

White House press release dated September 16

President Eisenhower has invited Joseph Laniel, President of the French Council of Ministers, to visit him this autumn in Washington, accompanied by Foreign Minister Bidault, for a friendly visit and a general exchange of views on matters of common interest. Mr. Laniel has accepted this invitation.

A mutually convenient date will be agreed later, depending on the engagements of the President of the United States and the French Prime Minister.

## Tax Conventions With Belgium Enter Into Force

Press release 487 dated Sept. 9

On September 9 the income-tax convention of October 28, 1948, between the United States and Belgium and the supplementary convention of September 9, 1952, were brought into force by the exchange of instruments of ratification.

These conventions relating to the avoidance of double taxation and the prevention of fiscal evasion were approved by the U.S. Senate on July 9, 1953, and were ratified by the President on July 23.

The provisions of the 1948 convention, with modifications and supplementary provisions contained in the 1952 convention, follow in general the pattern of income-tax conventions entered into by the United States with a number of other countries. They are designed to remove an impediment to international trade and economic development by doing away as far as possible with double taxation on the same income.

So far as the United States is concerned, the conventions apply only to Federal income tax. They do not apply to taxes imposed by the several States, the District of Columbia, or the territories or possessions of the United States.

Pursuant to article XXIII of the 1948 convention, as amended by the 1952 convention, the conventions are effective "with respect to income derived in taxable years beginning on or after" January 1, 1953.

## Letters of Credence

### *Ethiopia*

The newly appointed Ambassador of Ethiopia, Ato Yilma Deressa, presented his credentials to the President on September 26. For the text of the Ambassador's remarks and the text of the President's reply, see Department of State press release 520 of September 26.



## Calendar of Meetings<sup>1</sup>

### Adjourned During September 1953

<b>WMO (World Meteorological Organization):</b>		
Commission for Aerology: 1st Session . . . . .	Toronto . . . . .	Aug. 10-Sept. 5
Technical Commission for Instruments & Methods: 1st Session . . . . .	Toronto . . . . .	Aug. 10-Sept. 5
Regional Association for South America: 1st Session . . . . .	Rio de Janeiro . . . . .	Sept. 15-25
14th International Exhibition of Cinematographic Art . . . . .	Venice . . . . .	Aug. 11-Sept. 4
<b>U. N. (United Nations):</b>		
Committee on Information from Non-Self-Governing Territories: 4th Session . . . . .	New York . . . . .	Aug. 18-Sept. 15
<i>Ad Hoc</i> Commission on Prisoners of War: 4th Session . . . . .	Geneva . . . . .	Aug. 24-Sept. 12
ECAFE Subcommittee on Iron and Steel . . . . .	Bangkok . . . . .	Aug. 31-Sept. 3
International Workshop on Budgetary Classification and Management . . . . .	Mexico . . . . .	Sept. 3-14
ECAFE Working Party on Financing Economic Development in Asia . . . . .	Bangkok . . . . .	Sept. 7-12
International Children's Emergency Fund: Executive Board and Program Committee . . . . .	New York . . . . .	Sept. 8-16
ECAFE Highway Subcommittee: 2d Session . . . . .	Bangkok . . . . .	Sept. 14-19
ECAFE Working Party on Small-Scale Industries and Handicraft Marketing: 3d Meeting . . . . .	Bangkok . . . . .	Sept. 21-28
7th Edinburgh Film Festival . . . . .	Edinburgh . . . . .	Aug. 23-Sept. 13
<b>ICAO (International Civil Aviation Organization):</b>		
Legal Committee: 9th Session . . . . .	Rio de Janeiro . . . . .	Aug. 25-Sept. 12
8th International Congress of Geometricians . . . . .	Paris . . . . .	Aug. 28-Sept. 6
5th International Congress on Tropical Medicine and Malaria . . . . .	Istanbul . . . . .	Aug. 28-Sept. 4
<b>UNESCO (United Nations Educational, Scientific and Cultural Organization):</b>		
Seminar on Visual Aids in Fundamental Education . . . . .	Messina . . . . .	Aug. 29-Sept. 27
2d Atlantic Community Conference . . . . .	Copenhagen . . . . .	Aug. 30-Sept. 5
International Association for Hydraulic Research . . . . .	Minneapolis . . . . .	Aug. 30-Sept. 4
4th International Congress of the International Association on Quaternary Research . . . . .	Rome & Fisa . . . . .	Aug. 30-Sept. 10
3d International Biometric Conference . . . . .	Bellagio . . . . .	Sept. 1-5
<b>FAO (Food and Agriculture Organization):</b>		
Near East Pre-Conference Regional Meeting . . . . .	Cairo . . . . .	Sept. 1-9
Working Party on Fertilizers: 3d Meeting . . . . .	Bangkok . . . . .	Sept. 21-27
Working Party on Rice Breeding: 4th Meeting . . . . .	Bangkok . . . . .	Sept. 21-27
<b>WHO (World Health Organization):</b>		
Regional Committee for the Western Pacific: 4th Session . . . . .	Tokyo . . . . .	Sept. 3-8
9th General Assembly of the Inter-American Commission of Women . . . . .	Asuncion . . . . .	Sept. 5-23
International Institute of Administrative Sciences: IXth Congress . . . . .	Istanbul . . . . .	Sept. 6-14
6th International Congress for Microbiology . . . . .	Rome . . . . .	Sept. 6-12
International Statistical Institute: 28th Session . . . . .	Rome . . . . .	Sept. 6-12
<b>ANZUS (Australia-New Zealand-United States):</b>		
2d Meeting of the Council . . . . .	Washington . . . . .	Sept. 9 and 10
International Bank for Reconstruction and Development and International Monetary Fund: 8th Annual Meeting of Boards of Governors . . . . .	Washington . . . . .	Sept. 9-12
Meeting on North Atlantic Ice Patrol . . . . .	Washington . . . . .	Sept. 11 (1 day)
7th International Congress on Vineyards and Wine . . . . .	Rome . . . . .	Sept. 12-20
<i>Ad Hoc</i> Committee for the Study of the Low-Cost Housing Problem (IA-Ecosoc) . . . . .	Washington . . . . .	Sept. 14-23
<b>ILO (International Labor Organization):</b>		
Asian Regional Conference . . . . .	Tokyo . . . . .	Sept. 14-26*
Permanent International Association of Navigation Congresses: XVIIIth Congress . . . . .	Rome . . . . .	Sept. 15-22
International Conference on Theoretical Physics . . . . .	Kyoto & Tokyo . . . . .	Sept. 15-23
3d Congress of the International Union of Architects . . . . .	Lisbon . . . . .	Sept. 20-28

### In Session as of September 30, 1953

International Materials Conference . . . . .	Washington . . . . .	Feb. 26, 1951-
Horticultural Congress and Exposition . . . . .	Hamburg . . . . .	Apr. 30-
<b>ITU (International Telecommunication Union):</b>		
International Radio Consultative Committee: VIIth Plenary Session . . . . .	London . . . . .	Sept. 3-
<b>U.N. (United Nations):</b>		
General Assembly: 8th Session . . . . .	New York . . . . .	Sept. 15-

<sup>1</sup> Prepared in the Division of International Conferences, Department of State, Sept. 24, 1953. Asterisks indicate tentative dates.

## Calendar of Meetings—Continued

### In Session as of September 30, 1953—Continued

GATT (General Agreement on Tariffs and Trade):		
8th Session of the Contracting Parties to GATT . . . . .	Geneva . . . . .	Sept. 17-
International Exhibition and Fair at Jerusalem ("Conquest of the Desert").	Jerusalem . . . . .	Sept. 22-
6th International Congress of Criminal Law . . . . .	Rome . . . . .	Sept. 27-
Consultative Committee on Economic Development of South and Southeast Asia ("Colombo Plan").	New Delhi . . . . .	Sept. 28-
International Council for Exploration of the Sea:		
41st Statutory Meeting . . . . .	Copenhagen . . . . .	Sept. 28-

### Scheduled October 1-December 31, 1953

Tripartite Working Group for Austrian Treaty . . . . .	Paris . . . . .	Oct. 1-
ILO (International Labor Organization):		
Asian Advisory Committee: 5th Session . . . . .	Nuwara-Eliya . . . . .	Oct. 2-
Asian Maritime Conference . . . . .	Nuwara-Eliya . . . . .	Oct. 5-
Building, Civil Engineering and Public Works: 4th Session . . . . .	Geneva . . . . .	Oct. 26-
Governing Body (and its Committees): 123d Session . . . . .	Geneva . . . . .	Nov. 18-
Coal Mines: 5th Session . . . . .	Dusseldorf . . . . .	Nov. 30-
6th International Congress for Leprosy . . . . .	Madrid . . . . .	Oct. 3-
FAO (Food and Agriculture Organization):		
Joint FAO/ECE Timber Committee . . . . .	Rome . . . . .	Oct. 5-
European Forestry and Forest Products Commission: 6th Session . . . . .	Rome . . . . .	Oct. 8-
Technical Meeting on Fishing Vessel Design . . . . .	Paris . . . . .	Oct. 12-
Joint FAO/WHO 3d Latin American Nutrition Conference . . . . .	Caracas . . . . .	Oct. 19-
Joint FAO/WHO Technical Committee on Dietary Requirements . . . . .	West Indies . . . . .	Nov. 2-
Committee on Commodity Problems: 22d Session . . . . .	Rome . . . . .	Nov. 13-
Technical Meeting on Fishing Vessel Design . . . . .	Miami . . . . .	Nov. 16-
18th Session of the Council . . . . .	Rome . . . . .	Nov. 18-
Annual Conference: 7th Session . . . . .	Rome . . . . .	Nov. 23-
19th Session of the Council . . . . .	Rome . . . . .	Dec.
PASO (Pan American Sanitary Organization):		
Executive Committee: 20th Meeting . . . . .	Washington . . . . .	Oct. 5-
7th Session of the Directing Council and 5th Regional Committee of the World Health Organization.	Washington . . . . .	Oct. 9-
Executive Committee: 21st Meeting . . . . .	Washington . . . . .	Oct. 22-
International Meeting on Sulphur . . . . .	Paris . . . . .	Oct. 5-
U.N. (United Nations):		
ECAFE Subcommittee on Electric Power: 3d Session . . . . .	Bangkok . . . . .	Oct. 5-
ECAFE Railway Subcommittee: 2d Session . . . . .	Undetermined . . . . .	Oct. 5-
4th Conference on Technical Assistance . . . . .	New York . . . . .	Oct. 15-
Economic Commission for Europe, Coal Classification Meeting . . . . .	Geneva . . . . .	Nov. 9-
Ecosoc Resumed 16th Session of the Council . . . . .	New York . . . . .	Nov.
Reconvening of Intergovernmental Tin Conference . . . . .	Geneva . . . . .	Nov.*
Narcotic Drugs Supervisory Body . . . . .	Geneva . . . . .	Oct. 26
Permanent Central Opium Board: 64th Session . . . . .	Geneva . . . . .	Oct. 26
Permanent Central Opium Board and Narcotic Drugs Supervisory Body: 8th Joint Session.	Geneva . . . . .	Oct. 26
WMO (World Meteorological Organization):		
Executive Committee: 4th Session . . . . .	Geneva . . . . .	Oct. 6-
Commission for Agricultural Meteorology: 1st Session . . . . .	Paris . . . . .	Nov. 3-
Commission for Bibliography and Publications: 1st Session . . . . .	Paris . . . . .	Nov. 21-
UNESCO (United Nations Educational, Scientific and Cultural Organization):		
Regional Study and Information Seminar for Youth Leaders of South and East Asia.	Tokyo . . . . .	Oct. 6-
1st International Communications Conference . . . . .	Genoa . . . . .	Oct. 7-
ICEM (Intergovernmental Committee for European Migration):		
Finance Subcommittee . . . . .	Venice . . . . .	Oct. 8-
6th Session of the Committee . . . . .	Venice . . . . .	Oct. 12-
1st International Congress of Engineers . . . . .	Rome . . . . .	Oct. 8-
42d Conference of the Interparliamentary Union . . . . .	Washington . . . . .	Oct. 9-
OEEC (Organization for European Economic Cooperation):		
Conference on European Inland Transport . . . . .	Brussels . . . . .	Oct. 12-
Special Meeting of the Management Committee of the Rubber Study Group.	London . . . . .	Oct. 12-
South Pacific Commission: 12th Session . . . . .	Nouméa . . . . .	Oct. 12-
WHO (World Health Organization):		
International Conference of Representatives of National Committees on Vital and Health Statistics.	London . . . . .	Oct. 12-
CFM (Council of Foreign Ministers):		
7th Session of the Council . . . . .	Lugano . . . . .	Oct. 15-
13th and 14th Sessions of the International Wheat Council . . . . .	Madrid . . . . .	Oct. 20-
Highway Congress: Meeting of the Technical Committee on the Financing of the Pan American Highway.	México, D. F. . . . .	Oct. 26-
Post Armistice Political Conference on Korea . . . . .	Undetermined . . . . .	Oct. 27-

## Calendar of Meetings—Continued

### Scheduled October 1–December 31, 1953—Continued

International Cotton Advisory Committee: 2d Session of 12th Plenary Meeting.	Washington . . . . .	Nov. 2–
1st International Congress of Tribunals of Accounts (General Accounting Offices).	Habana. . . . .	Nov. 2–
ICSU (International Council of Scientific Unions):		
Joint Commission on Radio-Meteorology. . . . .	Austin (Texas). . . . .	Nov. 9–
8th Pacific Science Congress . . . . .	Manila . . . . .	Nov. 16–
Symposium on Physical and Biological Oceanography (In conjunction with 8th Pacific Science Congress).	Quezon City. . . . .	Nov. 16–
ICAO (International Civil Aviation Organization):		
African-Indian Ocean Regional Air Navigation Meeting: 2d Session.	Santa Cruz de Tenerife . . .	Nov. 17–
Caribbean Commission: 17th Meeting. . . . .	Trinidad . . . . .	Nov. 23–
1st Meeting of the International North Pacific Fisheries . . . . .	United States . . . . .	Nov.*
World Coffee Congress, and International Coffee Culture Exposition .	Curitiba . . . . .	Dec. 11–
NATO (North Atlantic Treaty Organization):		
Ministerial Meeting of the North Atlantic Council . . . . .	Paris . . . . .	Dec. 15–
3d International Conference on Low Temperature Physics . . . . .	Houston . . . . .	Dec. 17–

## UNESCO National Commission Holds Fourth Conference

*Under Secretary Smith delivered the keynote address at the opening session of the fourth annual conference of the UNESCO National Commission at Minneapolis, Minn., on September 15. At the same session, Carl W. McCardle, Assistant Secretary for Public Affairs, conveyed messages from President Eisenhower and Secretary Dulles. Following are texts of General Smith's and Mr. McCardle's statements:*

### BUILDING A COOPERATIVE PEACE

*by Under Secretary Smith<sup>1</sup>*

Your presence here is a unique demonstration of our belief, as a nation, that decent people everywhere want to live at peace with one another, and that giving the people generally an opportunity to be heard in the world's councils is itself a contribution to peace building. It is a very fine thing to see a group of distinguished private citizens gathered in a council established by federal statute and considering international relations. In-

deed, the legal establishment and continued support of the U.S. National Commission by the Congress are evidence of the simple fact that our effort to build peace is an undertaking that involves all of us.

If our people are to help constructively, they must be better informed than they have been in the past. The decisions to be made now and in the future are vast in scope and tremendous in import; judgments must not be shaped either on emotional impressions or prejudice. We must understand other peoples, their cultures, their histories, and their philosophies. If we don't, we cannot understand the forces and motives which impel their decisions. We must be able to evaluate those specific economic, political, and human situations whose solutions may sometimes be the difference between peace and war. And we must surely understand the clashing political philosophies and the intellectual divisions which characterize our modern world.

The building of a cooperative peace demands, in the free countries of the world, citizen minds which are capable of thinking with equal facility and with as much accuracy in global terms as most of us thought in mere community terms when we were younger.

<sup>1</sup> Press release 503 dated Sept. 16.



Unfortunately, neither here nor in any nation of the world have we achieved the level of understanding which our modern complex situation requires. Developing relevant understanding is going to take time, and the responsibility for doing it must be widely shared. Every individual must do what he can to educate himself. Every school, church, civic club, government, great private organization, and international organization—each must do its part.

UNESCO's role in this manifold task of learning is, as I see it, to promote that educational, scientific, and cultural collaboration among organizations and peoples which will help build the understanding essential to peace.

UNESCO has now been at its task for about 7 years. It must be admitted that it has not fully realized the high hopes entertained by the noble men and women who carved out its charter and then launched the organization. UNESCO has made mistakes. At times it has tried to do too much, with too little—thus diffusing its efforts sometimes to a point of near-disappearance.

But UNESCO has also achieved a great deal of good. It has, for example, done much to muster the educational, scientific, and cultural strength of the United States in support of broadly based programs for peace. It has helped to initiate important programs in fundamental education. It has given educational support to a multitude of technical-cooperation projects. The mass media of the world have been supplied with basic information designed to promote understanding among peoples.

Before UNESCO and the cooperating national commissions in the member states were established, a great many careful thinkers argued that this educational task should remain exclusively in private hands. They thought UNESCO should be a private international organization which worked through existing educational, scientific, and cultural agencies that abound in the international area.

Others felt that the job required such substantial financial support and such continuous effort that only an international governmental agency, perhaps as a unit of the United Nations itself, could get the job done.

UNESCO as it was finally established represented a compromise of these extreme views. UNESCO itself is an international governmental organization, but for its successful functioning it must work with a great many private agencies, and especially with the national commissions of the member states, which are an experiment in public-private cooperation.

Whether the structure as it evolved is the best that can be devised is open to question. This does not mean that I am now presuming to offer a better pattern. But just as the time is ap-

proaching to review the United Nations Charter and instruments, so too we should now, I believe, take a new look at UNESCO.

I think that this reexamination should be a cooperative enterprise involving the U.S. National Commission for UNESCO and the State Department, and I would like at this time to pledge the Department's support to such a project. Since President Eisenhower's administration took office, it has had to cope with international emergencies of the gravest character in many parts of the world. Nevertheless, there has been time to reassess our efforts toward peace in most areas of the globe. Secretary Dulles has made visits to Europe and to the Middle and Far East. The Assistant Secretaries of State have all visited the areas of their particular responsibility. A special mission headed by Dr. Eisenhower, the first chairman of the U.S. National Commission for UNESCO, has visited the 10 republics of South America.

#### **Lack of Mutual Understanding**

In these visits, through regular diplomatic reports, and in a myriad of other data which reaches the State Department, there is one persistent theme: The lack of understanding among peoples and governments is a constant impediment to the building of a cooperative, enduring peace.

This is an awesome shortcoming. A totalitarian power enforces its will upon its own people and its satellites. The less they know, the easier the task of control by the central power.

But among the free nations of the world the situation is very different indeed. We are equal partners, and we equally abhor control of one nation by another.

We are utterly dependent on genuine abiding cooperation, but cooperation is not something that springs up by itself. It is the result of careful planning, systematic action, and adherence to clear and well-understood principles.

There is misunderstanding and, indeed, a great deal of suspicion among our friends throughout the world regarding the motives and objectives of the United States. For example, Dr. Eisenhower reported that he found much misunderstanding of the United States in South America even among our staunchest friends and allies.<sup>2</sup> It exists to as great or greater degree elsewhere. We are so conscious of the basic decency of our own motives that we unconsciously expect them to be taken for granted by others—to believe that truth will prevail without the necessity of estab-

<sup>2</sup> For a statement made by Milton Eisenhower on his return from South America, see *BULLETIN* of Aug. 10, 1953, p. 184.

lishing it as truth. It is in this significant sphere that the work of UNESCO becomes of such great and immediate importance to the United States. UNESCO's work in the dissemination of knowledge—without favoring any national state—cannot but be beneficial to the United States by contributing to a greater understanding of our motives and our beliefs. For we have nothing to fear and everything to gain from the truth—from a genuine understanding of our own country by others.

I have heard it said that American prestige has declined, and that our influence in world affairs is waning. I do not accept this, nor should you. Events of the past few months, beginning with the cessation of hostilities in Korea and culminating in the demonstration of triumphant democracy in the free German elections, have shown that our foreign policy is firm and wise and that it is reaping the rewards of firmness, restraint, and wisdom. But this very fact makes the work of advancing mutual trust and understanding all the more important.

Since our concern is not for the past, but for the future, there is every incentive to increase the scope and effectiveness of UNESCO's activities. I have suggested that an analysis of UNESCO machinery and methods, based on experience which did not exist at the time it was founded, may indicate that both the structure and the techniques could be improved.

And I believe that this reexamination can proceed from the point of view of developing wider and more energetic public support for UNESCO activities. It might also explore ways of revitalizing the enthusiasm of those who were originally active.

There is room for improvement in the relationship between UNESCO and the Department of State, and this should be the easiest part of the problem to solve, since we need each other.

You now have the Salomon Report.<sup>3</sup> The findings of this inquiry should go far toward rebutting much unjustified criticism and should do a great deal to reassure the people of this country as to the real mission of UNESCO.

When we talk of the need for understanding both at home and abroad, it would be difficult to find a more pointed illustration than in the present situation in the Far East and the policy this country is developing to deal with it.

<sup>3</sup> Irving Salomon, chairman of the U.S. delegation to the second extraordinary session of UNESCO held at Paris in July, was asked by President Eisenhower to prepare an appraisal of the organization. His report was transmitted to Secretary Dulles on Aug. 25 and presented to the National Commission for UNESCO during the Minneapolis meeting. Copies of the report may be obtained by writing to the UNESCO Relations Staff, Department of State, Washington 25, D.C.

## U.S. Policy in the Far East

We now have an armistice in Korea. We have made clear the action we would take if the other side were to violate that armistice. In concert with the other 15 member nations of the United Nations who fought in Korea beside the ROK forces, we have declared formally that we would be prompt to resist further aggression and that in such circumstances it would probably not be possible to limit the hostilities to Korean territory.<sup>4</sup>

We have subscribed to this joint statement for two reasons. The first is our determination to stand on the principle which led us to take up arms in Korea in the first place—the conviction that aggressive forces must be turned back from their assault on the free nations of the world. The second is our belief that the aggressors are less likely to strike when they know in advance our determination and our ability to react swiftly and strongly.

There can be no misunderstanding now.

We have also made clear to the Communists that they cannot make a farce of the Korean truce by aggression elsewhere in Asia. We are fully aware of the fact that Communist China has been an active sponsor of the Communist movement in Indochina and has provided the Red troops there with training, equipment, and supplies.

We are equally alive to the possibility that the Peiping regime might attempt to take advantage of a truce in Korea to move its so-called "volunteer" units to Indochina to reinforce the Viet Minh. By any process of reasoning, a shift of this sort constitutes aggression quite as clearly as did the movement of these same troops into the lines in Korea.

Accordingly, we have stated officially that the appearance of Chinese Communist troops in the fighting in Indochina would be regarded as renewed aggression—that the consequences of such a move would be grave and that they might not be confined to Indochina.

During the war in Korea, the United Nations exercised a restraint which is equaled in few instances in military history. We scrupulously confined our actions to Korean territory.

But should the Chinese Communists reopen hostilities, renew their aggressive behavior—either in Korea or in Indochina—we would be confronted with a very different situation. We would be forced to the conclusion that the Peiping regime is bent on a reckless course of conquest. It would then be clear that Communist intent was to invest all Southeast Asia and by force of arms to subject the free peoples of that area to the tyranny of Red control. Our reaction would have to be adequate to meet such a grave situation.

<sup>4</sup> BULLETIN of Aug. 24, 1953, p. 247.



As a corollary we strongly oppose the representation of China in the United Nations by the Chinese Communists.

The Chinese Communists have openly waged war against the United Nations. They have disregarded all accepted standards of international conduct in their relations with the free world. The United Nations overwhelmingly voted to brand them as aggressors. The United States cannot accept the theory that the Chinese Communists should be rewarded for their entry into the Korean conflict on the side of the enemy and for their years of violent warfare against the community of nations. Our position is that by no standard do they qualify for admission into this community of nations.

To so reward them now would be to make a mockery of the sacrifices of life by the forces of the United Nations and the Republic of Korea in defense of Korean freedom. How could we possibly deal with future aggressions if we rewarded the aggressors in the first major test of the United Nations' ability to undertake collective action? We are opposed even to consideration of any proposal to seat the Chinese Communists and are confident that a large majority of the General Assembly will continue to stand with us on this.

#### **The Korean Political Conference**

I would like to turn now for a few moments to the political conference on Korea and some of the events which have preceded its convention. The factor of understanding enters here too, although in a somewhat different way. We are, of course, continuing our planning for a political conference on Korea as recommended in the armistice agreement and approved by the General Assembly on August 28. The Communist reaction to the General Assembly resolution, which you have seen in the press, was not entirely surprising but it was disappointing. It was not surprising to find the Chinese Communists taking the same line which the Soviet delegation took in the General Assembly 2 weeks ago. It was disappointing, however, for it might have been hoped that in view of the recommendation in the armistice agreement and the action of the General Assembly, the Chinese Communists would cease their obstructive tactics. Yet this has not been the case.

There appears to be little about the conference arrangements to which the other side could legitimately take exception. The minor matters of date and location are difficult to transform into major issues of controversy. And it is certainly not reasonable for them to object to the proposed form of the conference, because it is exactly what they themselves proposed.

As you know, in the special session of the General Assembly there was some debate over the form the conference would take. You will recall that the United States believed that it would be a cross-table negotiation between the United Nations and the Communists who fought against them. We felt strongly that the United Nations representation should be confined to those members who participated in the Korean fighting. The presence of the Republic of Korea was, of course, indispensable. We recognized also that the presence of the Soviet Union—while not making the negotiations any easier—would give added weight to whatever agreements were reached.

However, the Soviet Union obviously could not take part as a member nation of the United Nations Command. It was equally apparent that Russia could not qualify as a neutral—no matter how far the term was stretched. Thus, if Russia was to sit anywhere, she should sit beside the North Korean and Chinese Communist representatives.

On the floor of the Assembly, the Soviet Union advocated an entirely different conference format. They supported a "roundtable" arrangement composed of a few United Nations representatives, some neutrals—including Poland—and a Communist contingent.

We have proceeded on the assumption that North Korean and Chinese Communist positions are cleared in advance with Moscow. I think the assumption is well founded.

The conference format which this country supported in the Assembly debate was in strict accord with article 60 of the armistice agreement. And article 60 of the armistice agreement was proposed by the Communist negotiators at Panmunjom and accepted by us!

In other words, the conference which we pressed for was the kind of conference which the Communists themselves proposed during the armistice negotiations and which we there agreed to. We continue to believe that that is the kind of conference most conducive to agreement on the difficult questions involved in a Korean settlement. The United Nations overwhelmingly supported this view and, I am confident, will continue to support it.

After the Assembly resolution was adopted on August 28, the United States, in accordance with the terms of that resolution, communicated with the Communists in regard to a time and place of the conference. We have not yet received any official reply to that communication. We understand, however, from a Chinese Communist radio broadcast, that they have communicated with the Secretary General of the United Nations.

From this, it would appear that the Chinese Communists have simply revived, with minor variations, the Soviet proposal for a roundtable



conference which was overwhelmingly rejected at the General Assembly at the end of August.

We see no reason whatever for reopening this question in the General Assembly. The Assembly has already had the Communists' position before it. We see no reason whatever for inviting the Chinese Communists to appear before the General Assembly. The way is clear for them to agree on a time and place of the conference with the United States, which was authorized by the General Assembly to speak for the United Nations side on this matter.

However, in spite of these obstructions, the U. S. Government has not been, and is not now, unduly pessimistic about the possibilities of a successful conference.

We do not indulge in overoptimism, nor in overpessimism. We know that the issues to be discussed have been long in controversy. We realize that the interests of the contending parties are very strong. Korea, you will recall, has been a bone of contention in the Far East for centuries.

The American attitude is simply one of realism. We believe that some of the problems relating to Korea can be resolved. And we know that our every move will derive from a sincere desire to reach a settlement. We are watchfully hopeful that the other side will also negotiate in good faith.

If this should be the case, we believe that there is a good chance that we can produce from the conference that free, unified, and independent Korea which for years has been our objective. Once this is achieved, the second U.N. objective—the withdrawal of foreign troops from the peninsula—should not offer insuperable difficulties.

#### **Agenda of the Eighth General Assembly**

This afternoon, the General Assembly opened its eighth session. Once more the General Assembly faces an impressive range of problems. There are about 80 items on the agenda. Some deal with very involved political questions—some with economic and social problems, such as the development of underdeveloped countries and technical assistance—others with problems concerning the progress toward self-government in the trust territories and non-self-governing territories. None of these is easy to solve. If that were the case they wouldn't come before the General Assembly.

We face these difficult questions with understanding and confidence. On United States leadership rests a large part of the responsibility for insuring the essential unity of purpose and understanding among the free nations. We must be one of those catalytic agents which prevent the unavoidable differences of views among friends from becoming major divisive forces. If we are to maintain the essential focus of the

free world against the world threat of the Soviet bloc, it is in the American national interest that the United States play a harmonious role in the settlement of the differences that arise among our allies. The General Assembly provides a means for harmonizing these differences.

Every American has a personal stake in the great work of increasing the strength of the United Nations. There is significance in a recent public opinion poll which indicates broad support for the United Nations as a force for peace. It is apparent that this support is based on a more mature and sensible approach to the United Nations—an approach that recognizes both the limitations and capabilities of the Organization.

This more mature approach to the United Nations will be of great importance during the next few years. As I mentioned before, in 1956 we will have an opportunity to review the United Nations Charter at a Charter Review Conference. This gives the world the opportunity to strengthen the United Nations. We ourselves will make full use of this opportunity only if the American people exercise their responsibility by carefully studying and then expressing their considered views on the charter.

I wish that all people everywhere had the same opportunity to do this that you have. But it is a tragic fact that today a vast number of the world's inhabitants live behind walls of censorship. They are permitted to know only what their political leaders want them to know. And while this terrible power is being used to keep peoples from knowing the truth, these same Communist leaders, with powerful instruments of communication, are filling human minds everywhere with lies and with distortions of the truth. There is the more reason for you to intensify your own unselfish efforts to understand and grasp the problems which confront our country and our world. The Government and people of this country are committed to a program of mutual cooperation with the other nations of the free world. The single all-pervasive element upon which this vital effort rests is mutual understanding. The stake, broadly speaking, is our survival as a free, self-governing, peace-loving, civilized people. It is as fundamental as that.

#### **PROGRESS TOWARD UNESCO'S GOALS**

*Remarks by Assistant Secretary McCardle*

It is a pleasure to greet you tonight and to read to you personal messages from President Eisenhower and Secretary of State Dulles.

President Eisenhower sends this message:

This expression of our citizens' confident support of the United Nations and its Specialized Agencies should encourage the peoples of all other nations also working toward true peace.

I cannot urge too strongly or too often the dedication of the energies, resources, and imaginations of peoples throughout the world to the waging of a total war upon the brute forces of ignorance and poverty.

The United Nations and its family of related international organizations, of which UNESCO is an essential member, furnish all these peoples with a reason for hope and a means of action in this struggle.

I wish every success to the U.S. National Commission for UNESCO, and your Fourth National Conference now being held at a famous seat of learning, in your dedicated task of deepening that international understanding so indispensable to just and enduring peace.

Secretary of State Dulles sends this message:

I wish that I could be at your meetings because the U.S. National Commission for UNESCO, and its Fourth National Conference—both examples of the high degree of citizen responsibility in a free republic—are working for peace and advancement.

The Department of State appreciates the contribution being made by the officers, members, "alumni," and organizations of the National Commission in improving our understanding of and participation in world affairs.

You and your Government have supported the principles of UNESCO and constantly work to strengthen and improve the UNESCO program. With this in mind, the President asked his Delegates to the recent Special Session of the UNESCO General Conference to explore and consult in Paris with the representatives of other governments, the individual members of UNESCO's Executive Board, and the International Secretariat.

I want to share with you—as an example of our continuous study in international collaboration—the conclusions transmitted in July by this distinguished delegation—Irving Salomon of California, chairman; Mrs. Elizabeth Heffelfinger of Minnesota, and President John A. Perkins of the University of Delaware. The Delegation reported that:

"1. The top officers in the Secretariat, both Americans and non-Americans, who are responsible for administration and program execution, are doing so with fidelity to UNESCO's aims and purposes.

"2. The influences which predominate in the Organization derive from a full regard for the Human Rights and fundamental freedoms affirmed in the Charter of the United Nations.

"3. UNESCO does not advocate world government, or world citizenship in the political sense. The U.S. delegation found no official expression of the General Conference, The Executive Board, the Director General, or the Secretariat that gives the slightest support to this charge. They found no fear on this point among the representatives of other governments who, on the contrary, find it difficult to comprehend the American fear on this matter.

"4. The delegation reported that UNESCO does not attempt, directly or indirectly, to undermine national loyalties or to encourage the substitution of loyalty to and love for a supranational authority for loyalty to and love for one's own country, as has been alleged in some quarters.

"5. The delegates reaffirmed that the official bodies and the personnel of UNESCO observe the provision of the UNESCO Constitution which prohibits UNESCO from interfering in matters within the domestic jurisdiction of Member States. UNESCO does not attempt to interfere in the American school system.

"6. The delegation could find no evidence of atheism or anti-religious bias in any of UNESCO's work."

I am happy to report to you these observations of the delegation. The people of the United States do gain or can gain many valuable benefits from their participation in UNESCO. The advancement by UNESCO of human welfare through education, science and culture promotes international understanding which contributes to peace.

For myself, I greatly appreciated the opportunity to meet and talk with many of you this afternoon.

These talks have encouraged and enlightened me immeasurably concerning your aims and desires for perfecting UNESCO.

The purpose of UNESCO, as stated in its Constitution, is to "Contribute to peace and security by promoting collaboration among the nations through education, science and culture in order to further universal respect for justice, for the rule of law and for the human rights and fundamental freedoms which are affirmed for the peoples of the world by the Charter of the United Nations."

Considerable progress has been made by the member nations in the 7 years of this organization toward achieving these high goals. To have visual proof of actual accomplishment we have only to look to such UNESCO institutions as the fundamental teaching centers, the bookmobile units operating in Thailand, Latin America, and elsewhere, and the teams of educational, scientific, and cultural experts presently hard at work around the globe.

We have all discovered, I am sure, that there are times in our lives when we must ask ourselves deep and searching questions.

I believe one of the serious questions which we should ask of ourselves here tonight is this:

"How well are our goals understood and supported by the American people who sponsor our participation in this undertaking?"

Another question that each of us should ask ourselves:

"What can I personally do to further the understanding of these goals?"

We must have the understanding of these programs by America. The support and cooperation of the people will follow.

It is essential that an intensive effort be made to acquaint the American people with UNESCO. The Department of State will join with you in this task. I want to make it perfectly clear that I don't believe this should be done through a propaganda campaign, but rather through education. There are many avenues open for the accomplishment of this end, including written and visual-aid materials, motion pictures, and related educational media. These should be in supply in the Department of State and constantly used at the local level by individuals and groups well grounded in UNESCO's ideals and purposes.

You National Commission members can be the middle men between the many thousands of members of voluntary organizations which you represent and the Department of State. UNESCO represents mankind's dream for peace. Its goals are the goals which everyone desires to see established here and throughout the world. If I may say so, UNESCO should speak to the people in terms the people can understand and UNESCO will benefit from the enriching blood and beliefs of the people. Surely the people, all over the world, will benefit from UNESCO. Let us dedicate ourselves to a simple, educational program that will help in our aim of world cordiality and peace.

The State Department is with you.

## U.S. Opposes Assembly Discussion of Korean Political Conference

*Statements by Henry Cabot Lodge, Jr.  
U.S. Representative to the General Assembly*

U.S. delegation press releases dated September 22

*Following are texts of statements made by Ambassador Lodge on September 22 before the General (Steering) Committee of the General Assembly and, later the same day, before a plenary session of the Assembly.*

### Statement in General Committee

The United States opposes the inscription on the agenda of the eighth session of the matters raised by the communications of the Central Peoples Government of China dated September 13, 1953, and the Peoples Democratic Republic of Korea dated September 14, 1953.<sup>1</sup> These communications propose that the resolution of August 28, 1953,<sup>2</sup> taken less than 3 weeks ago after prolonged debate, should be reconsidered and that in this connection the regimes of Communist China and Communist Korea should be invited here to participate in the rediscussion of this matter.

The seventh session in the resolution referred to recommended that the United Nations side in the political conference, in accordance with the armistice agreement, should be governments which had contributed forces to the United Nations Command and that the United States should act as spokesman for this group in arranging for the conference. This group has met, and on their behalf the Government of the United States on September 5, 1953, made concrete proposals to the other

side with reference to a time and place of meeting. October 15, 1953, was proposed as the time and San Francisco, Honolulu, and Geneva as places, any one of which would be acceptable to the United Nations side. To this communication there has been no reply except to refer to the communication of the Chinese Communist regime to the Secretary-General proposing that all the matters decided here last month should be reconsidered.

The United States Government, on behalf of the United Nations side, on September 18, 1953, repeated its proposals to the other side<sup>3</sup> and has asked for a prompt reply because without that it will be impossible to hold a conference within the period which the Communist side itself recommended as the latest date for the conference, namely, October 28, 1953.

We consider that if all aspects of the conference must be debated in the United Nations General Assembly before the conference occurs, there may never be a conference—nothing but continuous debate and controversy.

The United States, acting in conformity with the General Assembly resolution of August 28, is prepared, in consultation with the designated group, to deal with the arrangements necessary to insure the convening of the conference as recommended by the armistice agreement and that the conference itself, when it convenes, can deal with any matters not otherwise disposed of to the satisfaction of both sides.

We observe that the note of the Korean Communist regime states that "the question of the composition of the political conference cannot be resolved unilaterally but only by agreement between both sides." The United Nations side has been selected and is functioning. The other side is defined in the armistice agreement, together with the U. S. S. R., if the other side desires. The question of whether any neutrals should be invited, as the North Korean note declares, is a matter for agreement between both sides. Therefore, if developments during the conference warrant it and the other side desires to raise the question of additional participants, it will of course be open to them to do so since at the conference both sides will be present and will be able to consider this matter.

Through the good offices of the Swedish Government we again propose to have the substance of this statement communicated to the Chinese and North Korean Communists and to urge that they reply promptly. We are most anxious to facilitate the work of the conference. Indeed, in view of the urgency of the situation, if it would facilitate the negotiations for the arrangements of the proposed political conference, we are prepared at once to dispatch a representative to meet with the

<sup>1</sup> U.N. docs. A/2469 and A/2476; the Soviet proposal for inscription of the item is U.N. doc. A/2484.

<sup>2</sup> BULLETIN of Sept. 14, 1953, p. 366.

<sup>3</sup> *Ibid.*, Sept. 28, 1953, p. 422.



Chinese and North Korean Communists at any of the places which we have already suggested for the conference, namely, San Francisco, Honolulu, or Geneva.

There seems to be an impression here that because there is an armistice in Korea the fighting has therefore stopped for good and that we can thus assume that the whole Korean difficulty is behind us. This predisposes some to act as though the time had arrived for making political gestures and for striking attitudes for propaganda purposes so as to develop favor with some nations and incidentally to put the United States in an unfavorable light.

The representative of the United States has some awareness of political factors, and he likes as well as any one here to make gestures which will ingratiate his country with other countries. But let us be utterly candid with ourselves. If we are candid, we must see that the time has not come when we can indulge ourselves in the luxury of political gestures and maneuvering. We are up against the very stark fact that all that exists so far is an armistice, which, even though it purports to be indefinite in duration, is of course highly vulnerable to incidents, charges, and countercharges of violations. If we are to do our duty to suffering humanity, our conduct here must be real. That means prompt action to hold the conference as an indispensable first step toward lasting peace and not a rehash of the whole debate of last August on how the conference is to be composed.

For these reasons the United States opposes the consideration of the Chinese Communist and Korean Communist regime notes to this eighth session.

#### **Statement in Plenary Session**

[Excerpts]

The action taken only a few hours ago by the General Committee<sup>4</sup> in recommending against the inclusion of the item proposed by the Soviet delegation, which would have had the effect of reopening discussion in the Assembly on the arrangements for the Korean Political Conference, speaks for itself. I take the floor at this time to state briefly the reasons for which the United States opposes inclusion of this item.

It was just about 3 weeks ago that we met in this very hall to adopt on August 28 a resolution by which the General Assembly expressed itself on this problem. It would be not only the height

of folly to reopen a matter on which the Assembly has decisively spoken after searching and thorough-going debate, but it might well, as many distinguished representatives said this morning in the General Committee, be extremely dangerous to our objective, and that is the prompt convening of the Political Conference. The deadline for this meeting is fast approaching, and the proposal before us would cause serious delay. Any action that we took now could but repeat what took place some 3 weeks ago and would simply jeopardize what most of us here have at heart.

Let me repeat two statements I made this morning on behalf of the United States in the General Committee.

In conclusion, it would seem to us that the best course to follow, and it is both constructive and reasonable, is the one already approved by the General Assembly. We await with hope the answer of the other side to the two communiqués made by the United States on behalf of the 16 member nations acting under the authorization of the General Assembly in its resolution of August 28. We say to the Communists in good faith and complete sincerity, we offer to meet you halfway.

#### **THE DEPARTMENT**

#### **Arthur H. Dean Named Deputy for Korean Political Conference**

It was announced on September 15 (press release 501) that on that date Arthur H. Dean of New York City, an outstanding international lawyer, was appointed to serve as deputy to the Secretary of State in preparation for the prospective Korean political conference and to serve at that conference as deputy chairman for the Secretary of State on the U.S. delegation. Mr. Dean will have the personal rank of Ambassador. The full membership of the delegation will not be determined until the time and place of the conference have been agreed upon.

Mr. Dean, as a consultant, accompanied Secretary Dulles, Ambassador Lodge, and Assistant Secretary Robertson on their recent trip to Korea. Mr. Dean has also acted in an advisory capacity to Ambassador Lodge in relation to the special session of the U.N. Assembly which dealt with the Korean problem.

#### **Appointment of Officers**

Herbert Hoover, Jr., as special adviser to Secretary Dulles on problems concerning worldwide petroleum matters.

<sup>4</sup> The General Committee rejected the Soviet request for inscription of the item by a vote of 2 (Poland, U.S.S.R.)-11-1 (Yugoslavia). The Sept. 22 plenary session upheld the Committee's action, 40-8 (Soviet bloc, Burma, Indonesia, Sweden)-10.

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No.	Date	Subject
510	9/21	U.S.-Chile talks on copper
511	9/22	Trials of Polish clergy
†512	9/24	Wmo meeting at Geneva
†513	9/24	Waugh: Japan and GATT
514	9/24	Dulles: U.S. security
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†523	9/26	Amjad Ali: Letter of credence

\*Not printed.

†Held for a later issue of the BULLETIN.



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DEPARTMENT OF STATE

## Foreign Policy BRIEFS

WASHINGTON, D. C.

OFFICE OF PUBLIC AFFAIRS

VOL. II, NO. 12, JANUARY 2, 1953

### TRADE

#### European Economic Survey

The twin themes of "trade, not aid" and "increased private investment abroad" highlighted the report of the Presidential mission headed by Secretary of Commerce Charles Sawyer which recently undertook an extensive economic survey of Western Europe.

The mission found "tremendous recovery" in all of the countries assisted by U.S. aid programs, but added that Europe's permanent economic stability lies in expanding production and trade, not in continuing U.S. grants and subsidies. A number of recommendations for achieving this expansion are included in the survey. From the report:

It is clear that we are now at a point where certain changes of public policy are in the making. The extraordinary effort made by us and our allies to build up a defense base has, of course, not ended; but it is increasingly clear that attention must now be given to long-term economic policy.

Such long-term economic policy planning will, of course, not be isolated from political or military decisions. It will be based on . . . the need to maintain the strength and good health of the combined economies of the free world. There is no reason to feel that this program cannot succeed. . . . Economic conditions in Western Europe are not hopeless or even discouraging and, if political decisions are courageously and wisely made, we feel certain that these countries will enjoy increased prosperity.

#### Private Investment Aid

Extension of the Mutual Security Agency's "Contact Clearing House Service" has been announced as a further stimulus for private investment overseas. The service, which up to last month covered only Western Europe, now includes MSA's programs in the Far East, as well as the Point Four countries under the State Department's Technical Cooperation Administration. Through this arrangement, the Agency noted:

MSA's Office of Small Business makes contacts in foreign countries for American firms interested in investing capital, equipment, services, patents or processes. . . . of the service provides contact between . . .

United States firms  
investments in  
contact or  
mailing in  
made by U.S.  
patents or  
other U.S.  
Austria's  
A U.S.  
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other . . .  
20 that abate . . .

eighty of the Ethiopian crown." (Through other Assembly action, Libya gained its independence and Italian Somaliland became a U.N. trust territory.)

#### Satisfaction Expressed

Last month the United States saluted the new federal relationship between Eritrea and Ethiopia which was successfully established on September 11. Charles A. Sprague, U.S. alternate representative, pointed out to the Assembly's Political Committee that the people of Eritrea now are represented in the United Nations through the Federal Ethiopian Government, adding:

The United Nations can justly feel satisfaction at having provided a workable and fair solution to the Eritrean problem, and at having assisted the parties concerned in bringing the United Nations decision to fruition. Through United Nations action, and with the cooperation of Ethiopia, and the people of Eritrea, and the United Kingdom, this territorial settlement should make a significant contribution to the peace, security and stability of East Africa.

#### Admission Deadlock

The United States supported a five-nation Central American proposal approved last week by the General Assembly for ending the deadlock over admission of new members to the United Nations. The last admission—Indonesia—was 2 years ago.

Under the proposed plan, a 19-nation group will study the question and report to the Secretary-General 2 months before the next session. Its problem is to find a way to bypass the Kremlin's Security Council veto which has blocked 14 countries from admission for periods ranging up to 6 years: Italy, 5 times; Jordan, Ireland, Portugal, and Ceylon, 3 times each; Austria and Finland, twice; and Japan, Cambodia, Vietnam, Laos, Libya, the Republic of Korea, and Nepal, once.

Commenting on the study plan, which was passed 48 to 5 (Soviet bloc) with 6 abstentions, Sam Alexander Wiley, U.S. representative to the General Assembly, said:

What we need is a careful, unhurried, objective examination of this problem. We need . . .

A FORTNIGHTLY  
SUMMARY BASED  
ON U.S. GOVERN-  
MENT STATE-  
MENTS, REPORTS,  
AND DOCUMENTS

### THE NATION

#### Great Lakes Parasites

Negotiations with Canada are under way to safeguard the Great Lakes fishing grounds. Destruction of lake trout and other fish by the sea lamprey—a predatory, eel-like marauder which attaches itself like a leech and lives off its victim's blood—has made cooperative action imperative. Since 1949, some 2 million dollars worth of lake trout alone has been lost annually to this parasite. Commented the State Department:

The immediate purpose . . . is to bring about joint action of the United States and Canada to eradicate this pest. The Fish and Wildlife Service, cooperating with research agencies in Michigan and the other Great Lakes States, has developed electrical and mechanical devices which will control the lamprey, but these must be installed on both United States and Canadian shores of the Lakes to be effective. In addition, it is expected that arrangements will be made to coordinate the fishery research programs in the Lakes which are now being undertaken by eight State Governments, the Province of Ontario, and the two National Governments.

#### Education for Free Men

The role of education in supporting an effective foreign policy in a free society was sketched last month by Edith Sampson, U.S. alternate representative to the General Assembly. The work of educating America's youth, she stressed, is "crucial in the defense of freedom." American schools and local school boards are responsible for effective world-affairs education "in a nation whose very survival depends on the way it deals with international issues." And she added:

Education is at the center of the matter, for foreign policy for free men can only be effective if it finds its root in the desires and aspirations of the American people. Foreign policy can only be effective if it draws its sanction from a public with a basic understanding of the facts of international life. Citizens must be equipped to vote intelligently and to express themselves through individual conversation, through organized action, and through the media of mass communication in such a way as to have a constructive effect on policy. In the field of public opinion, a nervous response to a real situation is undesirable and dangerous, just as is a nervous individual response to a personal problem.

In a free society, education has become a force at the heart of American society. Freedom, democratically controlled by elected boards working in conjunction with state authorities, can meet today's challenges and cannot be met by shying away from them. Controversy is the nature of life.

### RICAN REPUBLICS

#### For Training

"H Club idea intrigues many a Latin American who knows of our rural youth action in this country," noted the Agricultural Relations Office of Foreign Agricultural Relations in a recent letter to landholders interested in overseas farming programs. . . . in youth programs . . . countries to . . . assistance in the training of rural . . . youth leaders. As part of the 1953 program.

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